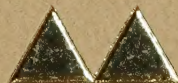


MCINTYRE

PORCUPINE MINES LIMITED

ANNUAL REPORT
1967



INCORPORATED 1911

MCINTYRE



ANNUAL MEETING

The Annual Meeting of Shareholders will be held at 11:00 o'clock a.m., Wednesday, May 8th, 1968, in the Alberta Room, Royal York Hotel, Toronto, Ontario.

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Capital Stock

Authorized: 3,000,000 shares without par value

Issued: 2,389,282 shares

**Location of
Mines**

The McIntyre Mine, Schumacher, Ontario

The Lorraine Mine, Belleterre, Quebec

**Executive and
Head Office**

Suite 1500, 25 King Street West
Toronto 1, Ontario

Auditors

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants, Toronto

Transfer Agents

Canada Permanent Trust Company, Toronto
Bankers Trust Company, New York

Registrars

Crown Trust Company, Toronto
The Chase Manhattan Bank (National
Association), New York

Directors

- J. K. B. BOOTH
*Vice-President and Managing Director,
Canadian Superior Exploration Limited*
- MURRAY CHRISTIAN
*Secretary and General Counsel,
The Superior Oil Company*
- MARSH A. COOPER
President of the Company
- N. F. W. H. D'ARCY
*President,
Locana Corporation Limited*
- W. B. DIX
Vice-President and Treasurer of the Company
- A. E. FELDMEYER
*President and Managing Director,
Canadian Superior Oil Ltd.*
- H. J. FRASER
*President and Managing Director,
Falconbridge Nickel Mines Limited*
- J. G. GLASSCO
President, Brazilian Light and Power Company, Limited
- J. K. GODIN
Executive Vice-President of the Company
- J. O. HAMBRO
*Chairman,
Hambros Bank, Limited*
- W. M. KECK, JR.
*Director and Member of the Finance Committee,
The Superior Oil Company*
- D. G. C. MENZEL
Partner, Campbell, Godfrey and Lewtas
- G. H. STEER
Partner, Milner & Steer

The Board consists of fourteen Directors. The existing vacancy will be filled at the Annual Meeting of Shareholders called for May 8, 1968.

Officers

- MARSH A. COOPER
President
- J. K. GODIN
Executive Vice-President
- M. L. URQUHART
Senior Vice-President
- W. B. DIX
Vice-President and Treasurer
- F. T. MCKINNEY
Secretary

General Manager

- J. B. ANDERSON
Toronto, Ontario

Mine Managers

- P. B. McCRODAN
The McIntyre Mine, Schumacher, Ontario
- J. K. YOUNGBLUT
The Lorraine Mine, Belletierre, Quebec

SUMMARY

	1967	1966
Net income	\$ 7,318,000	\$ 9,028,000
Per share	\$3.06	\$3.78
Dividends	\$ 6,689,000	\$ 6,438,000
Per share	\$2.80	\$2.70
Investments		
At cost	\$ 99,195,000	\$110,390,000
Per share	\$41.52	\$46.20
At market value	\$177,943,000	\$176,688,000
Per share	\$74.48	\$73.95
Metal production		
Copper - pounds	14,431,000	14,947,000
Gold - ounces	109,000	127,000
Nickel - pounds	1,478,000	1,853,000
Silver - ounces	113,000	172,000

DIRECTORS' REPORT

to the Shareholders

The fifty-sixth annual report of your company is presented herewith.

Net income for 1967 amounted to \$3.06 per share compared with \$3.78 in 1966, a decrease of 19%. Production of copper was higher than in the previous year although the grade of ore treated at both the McIntyre and Lorraine mines was slightly lower. A decline in copper revenue was a major factor in reduced earnings. A sharp decrease in the number of tons of gold ore treated was only slightly offset by an increase in the gold content and even with Government assistance, gold production was marginal. The level of investment earnings was well maintained.

Dividends amounting to \$2.80 per share were paid in 1967 compared with \$2.70 per share in 1966.

McINTYRE MINE

During the year 728,590 tons of copper ore were milled from which 10,950,608 pounds of copper and 10,545 ounces of gold were produced. Gold ore milled totalled 323,370 tons for a production of 95,254 ounces of gold and 8,574 ounces of silver. Revenue from sales of metals was \$9,915,000 resulting in an operating income of \$2,304,000 including Emergency Gold Mining Assistance.

Copper Development

Development totalled 16,063 feet comprised of 12,101 feet of lateral work and 3,962 feet of

raising. Of the above total 11,987 feet were for stope preparation and 4,076 feet for permanent haulage ways, ore passes and ventilation raises. Diamond drilling amounted to 20,963 feet.

Exploration of the downward extension of the copper zone on the Westfield Minerals Limited property indicates the copper ore bodies continue in depth but are of slightly lower grade although the gold content appears to be fractionally higher. The zone is to be explored from McIntyre's 3875 level which is being extended into Westfield ground.

Gold Development

Lateral development work in potential ore areas amounted to 1,481 feet but returned negative results. Production from the Hollinger lease totalled 29,834 tons averaging .305 ounce per ton.

During the year the Emergency Gold Mining Assistance Act was renewed for a further three-year period. This was most welcome, and necessary. The continuance of this Act materially assists the company in maintaining gold production at McIntyre.

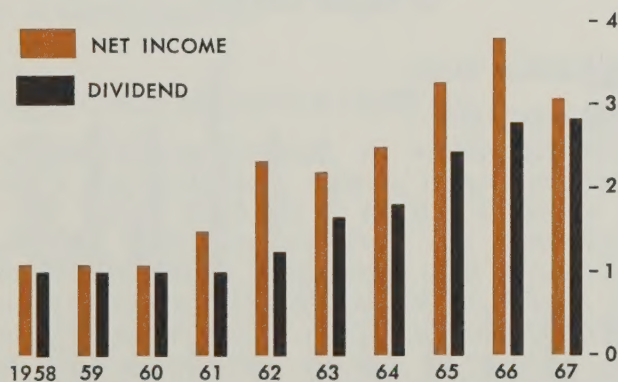
Ore Reserves

The assured copper ore reserves show an increase over those reported last year. Gold ore reserves are lower by about 6% or 50,200 tons.

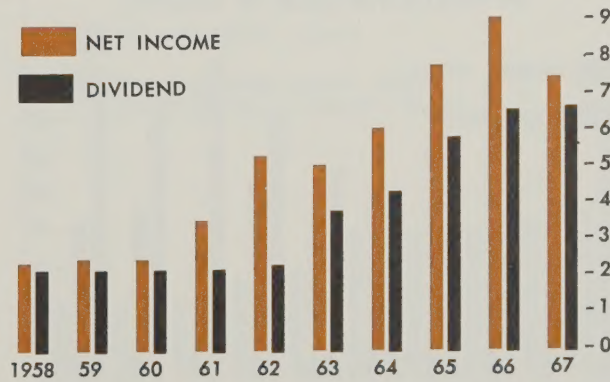
General

The gold operation because of its greater labour requirements suffered from lack of skilled

NET INCOME & DIVIDENDS
IN DOLLARS PER SHARE



NET INCOME & DIVIDENDS
IN MILLION DOLLARS



miners throughout the year. Some improvement was evident toward the end of the year but the condition is still serious.

Arrangements have been made to lease part of the Hollinger property. To avoid possible flooding of the McIntyre mine the company plans to operate the Hollinger pumping system when that mine ceases operations.

LORRAINE MINE

During the year the mill treated 192,532 tons of ore grading 0.92% copper and 0.45% nickel from which 24,493 dry tons of concentrate containing 3,480,469 pounds of copper and 1,477,548 pounds of nickel were produced. Operating income amounted to \$558,000.

Dividends of 41¢ were declared during the year compared with 35¢ for 1966.

Extensive wall rock sloughing in the mining blocks resulted in a reduction in mill grade during the latter half of 1967. Some improvement is expected with the blasting of the remaining ore pillar at the second level.

Exploratory development work and depth diamond drilling have returned negative results so far. With present broken reserves production is expected to continue until mid-1968.

INVESTMENTS

During the year the Company increased its investment in Falconbridge Nickel Mines Limited by 35,500 shares and at the year end held 1,781,601 shares, equivalent to 36.3% of the total outstanding shares of that company.

Rights to purchase 13,235 shares of Wexford Mines Limited were exercised and the company now holds 238,235 shares. Frobex Limited, 28.6% held by your company, also holds 1,667,647 shares of Wexford. Frobex and McIntyre combined hold 51.4% of the issued and outstanding Wexford shares.

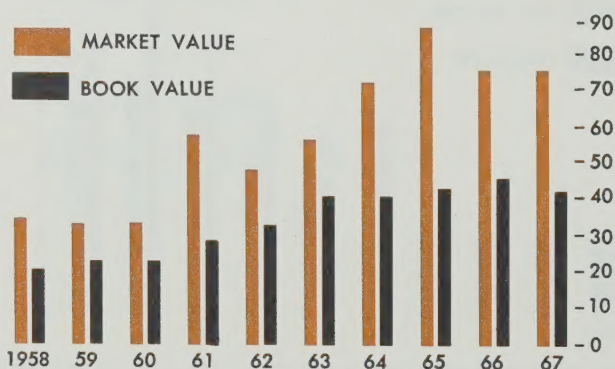
Long term investments in miscellaneous listed securities were disposed of during the year, yielding a capital gain of \$4.7 million. The proceeds, after providing for the new investments outlined above, are held for the general corporate purposes of the Company.

FALCONBRIDGE

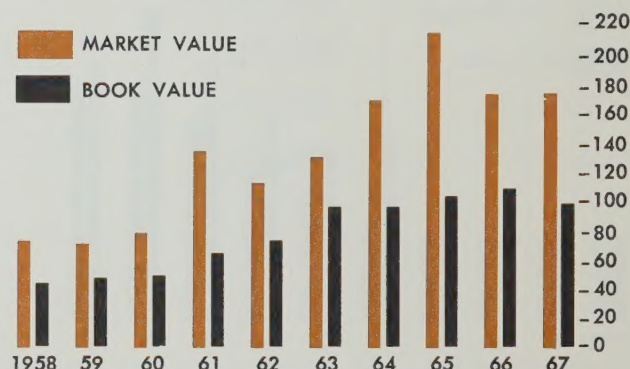
Falconbridge earnings for 1967 are estimated at \$5.25 per share, compared with actual earnings of \$5.66 in 1966. The McIntyre interest in Falconbridge's 1967 earnings is expected to be \$3.85 per share of McIntyre. Dividends received by McIntyre from Falconbridge were \$6,115,000 or \$2.56 per share of McIntyre. The lower Falconbridge earnings are due to decreased dividend income partly resulting from a drop in L.M.E. copper prices in 1967 and partly due to lower copper production by some of the associated companies. Earnings from nickel production improved and this partially offset the loss of dividend income.

Expansion of Falconbridge's production facilities in the Sudbury district continued during the year. The new Strathcona mill is expected to be on stream in February 1968, and will reach full capacity about mid-year. In addition, the new Longvack South Mine is scheduled to come into production in 1968.

INVESTMENT PORTFOLIO
IN DOLLARS PER SHARE OF McINTYRE



INVESTMENT PORTFOLIO
IN MILLION DOLLARS



Plans have been announced for the construction at Falconbridge, Ontario, of a new plant for the production of a high iron-low nickel product. The plant is designed to treat the iron sulphide contained in the mineral pyrrhotite, a major constituent of the Falconbridge nickeliferous ores. It is to be operated in conjunction with new facilities to be built by Allied Chemical Company of Canada for the recovery of sulphur from waste gases.

Production commenced in mid-year at Wesfrob, Falconbridge's wholly-owned subsidiary in British Columbia. This iron-copper property was just approaching its scheduled production rate when fire destroyed the cobbing plant and operations were suspended. The plant is expected to be fully functional again in March.

McINTYRE COAL MINES LIMITED

The pilot mining program was terminated in December, 1967. Late delivery of mining equipment prevented full attainment of the program's objectives but a great deal of useful information was obtained. This information provided the basis for a sales proposal to the Japanese steel mills in October, 1967. Negotiations are still proceeding, though somewhat more slowly than had been expected. Nevertheless, management is hopeful that a suitable sales agreement will be reached.

The new Alberta Resources Railway was completed to the minesite in October and is now ready for operation. All engineering studies for the proposed new town of Grande Cache have been completed by the Alberta Government and the start of construction of the town is possible within two months after the signing of a sales agreement. In addition, satisfactory arrangements have been made for the necessary port facilities, and for ocean shipping of the finished product.

WEXFORD MINES LIMITED

Wexford Mines Limited, in which McIntyre holds a major interest, owns a copper property in the Gaspé Park Area of the Province of Quebec. Estimated reserves are considered adequate to justify installation of a twenty-five hundred ton per day mining plant. Plans are presently underway to construct underground and surface facilities capable of treating this tonnage. The ore zone has not been delimited at depth and there are also indications of addi-

tional ore possibilities to the north of the main occurrence.

Total pre-production and capital expenditures are estimated at \$15,000,000. Production is scheduled for the second quarter of 1969.

EXPLORATION

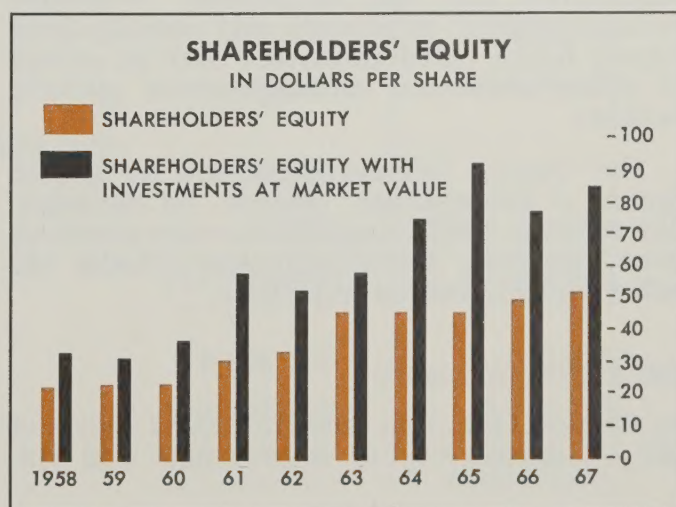
The general exploration program was expanded in 1967. Work continued throughout Canada, as well as in the United States and Australia, in the search for profitable mineral properties.

During the year, twenty drill holes designed to investigate geophysical anomalies previously outlined on a 640 square mile concession in Central Newfoundland were completed. Minor sulphide mineralization was encountered in several areas although not of ore grade. An airborne geophysical survey was conducted on a second concession lying to the east of the Central Newfoundland one. Ground follow-up and drilling is planned for the current year.

Additional drilling was done on a large claim group in the Gaspesian Provincial Park, Quebec. Low grade copper mineralization was encountered but it could not be correlated between drill holes. A number of geochemical anomalies and areas containing copper-bearing float remain to be investigated.

North of Timmins, Ontario, drilling and geophysical work were continued on an extensive acreage held under option and by staking. Several more groups of claims were acquired in the same general area and these are to be investigated by drilling in 1968.

Uranium prospecting was carried out on an eighty square mile concession under option



in northeastern Alberta. Uranium values of ore grade were discovered at a number of localities, the mineralization being related to a major fault structure which will require drilling to evaluate. Reconnaissance work revealed four other areas of radioactivity on the concession which also are to be investigated.

Other projects which showed initial promise included copper properties near Massey, Ontario and Greenwood, British Columbia. However, subsequent work failed to develop mineable tonnages of ore.

Coranex Limited, in which McIntyre has a 20% interest, continued its investigation of a copper prospect in central British Columbia. Initial drilling failed to locate ore grade material.

The company holds a 28% interest in DeNiza Mining Corporation and manages its operations. DeNiza conducted further airborne geophysical work in Arizona and New Mexico and subsequently drilled three properties with negative results.

The Australian subsidiary McIntyre Mines (Australia) Pty. Ltd., completed investigation of several properties in Eastern and Central Australia and it is expanding operations in that country. In New Zealand, our recently incorporated subsidiary, McIntyre Mines New Zealand Limited, has organized a prospecting program to extend through 1968. The Superior Oil Company and Canadian Superior Oil Ltd. are participating in both these exploration ventures.

EMPLOYEES

At December 31, 1967, the Company and its subsidiaries had 888 employees. Forty-one former salaried employees and seventy-three former hourly rated employees were in receipt of either retirement or long service gratuity benefits.

The Quarter Century Club held its annual dinner at Schumacher, Ontario, on Saturday, November 4, 1967, when thirteen new members were honoured. Membership now includes 145 active and 112 retired employees.

SHAREHOLDERS

At the year-end, there were 2,389,282 shares of the Company's capital stock issued and out-

standing. These shares were held by 3,219 shareholders of record.

OUTLOOK

Earnings for 1968 will undoubtedly be somewhat lower than for the year under review and thereafter, for the short term, narrower profit margins are expected. However, an improved profit position is predicted for the longer term.

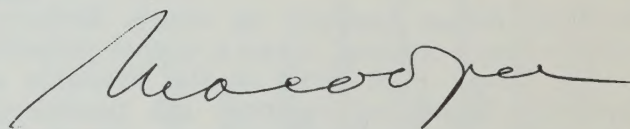
The Company's exploration program is being expanded through an aggressive global search for economic mineral deposits and it is hoped to add to the assets of the Company by investment in areas compatible with the planned expansion. Notwithstanding the present economic conditions at home and abroad and the many uncertainties associated with these conditions, management looks forward to the future with optimism.

ACKNOWLEDGEMENTS

There were several changes in the management of the Company during the year. The number of directors was increased from nine to fourteen and three directors of long standing retired. Mr. J. C. Fraser and Mr. S. M. Wedd, who had rendered valuable service to the Company since 1952 and 1958 respectively, retired following the Annual Meeting in May. Mr. J. D. Barrington who contributed significantly to the success of McIntyre, serving as a director since 1957 and as President and Managing Director from 1958, retired in December. To all three the Board records its sincere thanks.

Your directors take pleasure in recording, also, their warm appreciation for the loyal and diligent efforts of the employees during the year.

On behalf of the Board of Directors,



President

Toronto, February 6, 1968

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended December 31, 1967

Source of Funds	1967	1966
Net income for the year	\$ 7,318,000	\$ 9,028,000
Charges to income not requiring current outlay		
Depreciation and amortization	1,190,000	1,055,000
Income tax reductions deferred to future years (note 6, page 14)	312,000	205,000
Minority interest in net income of subsidiary company	105,000	228,000
Funds from operations	8,925,000	10,516,000
Proceeds from sale of investments	19,641,000	11,909,000
Proceeds from issue of shares under stock option plan ..	8,000	65,000
Other sources	50,000	231,000
	<u>28,624,000</u>	<u>22,721,000</u>
 Application of Funds		
Investment in Falconbridge Nickel Mines Limited	3,122,000	11,875,000
Other investments	583,000	3,525,000
Dividends to shareholders	6,689,000	6,438,000
Dividends to minority shareholders in subsidiary company	328,000	280,000
Additions to plant and equipment, net	764,000	114,000
Development expenditures on coal project	1,567,000	400,000
Special refundable tax	61,000	105,000
Provision for prior year income taxes of subsidiary com- pany (note 6, page 14)	567,000	
Other applications	45,000	10,000
	<u>13,726,000</u>	<u>22,747,000</u>
 Increase (decrease) in working capital	14,898,000	(26,000)
Working capital at beginning of year	3,332,000	3,358,000
Working capital at end of year	<u>\$18,230,000</u>	<u>\$ 3,332,000</u>

McINTYRE PORCUPINE MINES LIMITED

(Incorporated under the laws of the Province of Ontario)
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE

ASSETS			
Current Assets		1967	1966
Cash	\$	1,065,000	\$ 1,181,000
Short term bank deposits		15,472,000	
Gold and silver bullion at realizable value		373,000	306,000
Metal settlements outstanding at estimated realizable value		2,057,000	2,762,000
Emergency gold mining assistance receivable		408,000	459,000
Other receivables and prepaid expenses		394,000	166,000
		<u>19,769,000</u>	<u>4,874,000</u>
Falconbridge Nickel Mines Limited (note 2, page 14)			
Shares at cost (quoted market value, 1967 \$172,815,000; 1966 \$152,129,000)		<u>94,625,000</u>	<u>91,503,000</u>
Other Investments at cost			
Government and short term securities			1,695,000
Listed shares in other companies (quoted market value 1967 \$5,128,000; 1966 \$22,894,000)		2,581,000	15,270,000
Other investments (not quoted)		1,989,000	1,922,000
		<u>4,570,000</u>	<u>18,887,000</u>
Fixed Assets			
Plant and equipment at cost		11,903,000	11,209,000
Less accumulated depreciation		9,786,000	9,214,000
		<u>2,117,000</u>	<u>1,995,000</u>
Mining properties and rights — Lorraine property at cost and other properties and rights at nominal value		351,000	351,000
		<u>2,468,000</u>	<u>2,346,000</u>
Other Assets and Deferred Charges			
Special refundable tax		166,000	105,000
Supplies at cost		600,000	555,000
Mine development expenditures, less amortization		939,000	1,487,000
Development expenditures, coal project		1,967,000	400,000
Other assets and deferred charges		104,000	154,000
		<u>3,776,000</u>	<u>2,701,000</u>
		<u>\$125,208,000</u>	<u>\$120,311,000</u>

HEET — DECEMBER 31, 1967

LIABILITIES

Current Liabilities

	1967	1966
Accounts payable and accrued liabilities	\$ 876,000	\$ 851,000
Income taxes and government royalties	663,000	691,000
	<u>1,539,000</u>	<u>1,542,000</u>

Deferred Income Taxes

(note 6, page 14)	<u>780,000</u>	<u>468,000</u>
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Minority Interest

Interest of minority shareholders in subsidiary company	<u>204,000</u>	<u>428,000</u>
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Shareholders' Equity

Capital stock (note 3, page 14)		
Authorized — 3,000,000 shares without par value		
Issued — 2,389,282 shares		
(1966 — 2,389,182 shares)	6,185,000	6,177,000
Retained earnings	116,500,000	111,696,000
	<u>122,685,000</u>	<u>117,873,000</u>

APPROVED ON BEHALF OF THE BOARD:

M. A. COOPER, *Director*

W. B. DIX, *Director*

\$125,208,000

\$120,311,000

CONSOLIDATED STATEMENT OF INCOME

Year ended December 31, 1967

MINING	1967	1966
Revenue		
Metal production	\$13,242,000	\$15,343,000
Emergency gold mining assistance	971,000	1,163,000
	<u>14,213,000</u>	<u>16,506,000</u>
Expenses		
Operating costs, other than below	10,159,000	10,936,000
Administrative and general expenses	1,065,000	834,000
Depreciation (<i>note 4, page 14</i>)	642,000	531,000
Amortization of mine development expenditures (<i>note 4, page 14</i>)	548,000	524,000
	<u>12,414,000</u>	<u>12,825,000</u>
Operating Income	<u>1,799,000</u>	<u>3,681,000</u>
INVESTMENT INCOME		
Dividends from Falconbridge Nickel Mines Limited (<i>note 2, page 14</i>)	6,115,000	5,935,000
Other dividends and interest	1,008,000	1,249,000
	<u>7,123,000</u>	<u>7,184,000</u>
Income before the following deductions	<u>8,922,000</u>	<u>10,865,000</u>
Deduct:		
Expenditures and participations in outside exploration ..	1,183,000	1,004,000
Minority interest in net income of subsidiary company ..	105,000	228,000
Income taxes (<i>note 6, page 14</i>)		
Current	4,000	400,000
Deferred	312,000	205,000
	<u>1,604,000</u>	<u>1,837,000</u>
NET INCOME	<u>\$ 7,318,000</u>	<u>\$ 9,028,000</u>
Earnings per share	<u>\$ 3.06</u>	<u>\$ 3.78</u>

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1967

	1967	1966
Balance at beginning of year	\$111,696,000	\$105,239,000
Profit on sale of investments	4,742,000	3,867,000
Provision for prior year income taxes of subsidiary company (note 6, page 14)	(567,000)	
	115,871,000	109,106,000
Net income for the year	7,318,000	9,028,000
Deduct dividends — \$2.80 per share (1966 \$2.70 per share)	6,689,000	6,438,000
	629,000	2,590,000
Balance at end of year	\$116,500,000	\$111,696,000

Thorne,
Gunn,
Helliwell
& Christenson

CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Shareholders of
McIntyre Porcupine Mines Limited

We have examined the consolidated balance sheet of McIntyre Porcupine Mines Limited and subsidiary companies as at December 31, 1967 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1967 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario
February 5, 1968

Thorne, Gunn, Helliwell & Christenson

CHARTERED ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1967

1. BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the wholly owned subsidiary companies and Lorraine Mining Company Limited, a subsidiary company in which 80% of the issued shares are held.

2. FALCONBRIDGE NICKEL MINES LIMITED

Income from the investment in Falconbridge Nickel Mines Limited has been included in the statement of income only to the extent of dividends received. At December 31, 1966 the company's interest in earnings retained by Falconbridge since acquisition of shares in that company, including profit on sale of investments, amounted to \$15,291,000. Earnings of Falconbridge for 1967, based on the estimate of \$5.25 per share announced February 5, 1968, exceed by \$3,080,000 the amount of dividends received (\$3,636,000 in 1966).

At December 31, 1967 the company held 36.3% of the issued shares of Falconbridge Nickel Mines Limited. Because of the number of shares involved, the quoted market value of these shares is not necessarily indicative of the amount that would be realized if they were to be sold.

3. CAPITAL STOCK

During 1967, 100 shares were issued for \$8,134 cash under the executive and key employees stock option plan. Of the 150,000 shares set aside in 1958 for purchase under the plan, 90,250 had been issued to December 31, 1967 and at that date employees held options at \$81.34 per share on 300 shares expiring on March 31, 1968 and on 2,400 shares expiring on October 14, 1970.

4. DEPRECIATION AND AMORTIZATION

Depreciation of plant and equipment has been provided at annual rates, applied to cost of assets not fully depreciated, of 10% for the McIntyre mine, 25% for the Lorraine mine and 25% for aircraft. Mine development expenditures to bring the companies' orebodies into production are being amortized over the life of the estimated ore reserves.

5. WEXFORD COMMITMENT

The company has offered to provide funds of up to \$15 million to put into production the mining property in the Gaspé area owned by Wexford Mines Limited. The offer includes the purchase of \$15 million first mortgage income bonds and 1,000,000 shares of a company to be formed and to which the property is to be transferred. Upon completion of this financing, the company will have a 36.4% direct and indirect interest in the shares of the new company as well as the holding of first mortgage income bonds.

6. INCOME TAXES

Depreciation and amortization of mine development costs are charged to income in the accounts in conformity with the company's regular practice. However, deductions for tax purposes in respect of these costs exceed amounts charged to income in the accounts and, as a result, income taxes payable are reduced. Income taxes charged in the accounts reflect the full amount of taxes applicable to the income included in the statement of income and the tax reductions are shown in the balance sheet as deferred income taxes.

Income from operation of the Lorraine mine is exempt from tax for a three year period from January 1, 1965 and dividends from taxable Canadian companies are not subject to further tax in the hands of the company.

The United States Treasury Department has claimed from a subsidiary company additional income taxes of U.S. \$1,325,000, plus interest, on profit on sale of investments in 1962 and 1963. Provision of \$567,000 has been made in respect of this claim.

7. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of the company's directors and senior officers amounted to \$319,000 for 1967 and \$253,000 for 1966.

8. PENSION PLAN

Under the contributory retirement pension plan, established in 1960, the company makes contributions each year in respect of both current services of employees and past services rendered prior to the introduction of the plan. The amount required at December 31, 1967 to complete the funding of the past service cost is approximately \$375,000.

9. PROFIT ON SALE OF INVESTMENTS

In accordance with the company's usual accounting practice, profit on sale of investments is shown in the statement of retained earnings in the accompanying financial statements as is the provision for prior year income taxes of subsidiary companies (note 6). In the financial statements filed with the U.S. Securities and Exchange Commission, and as required by the Commission, these items are shown in the statement of income as special items after net income for the year.

INVESTMENT PORTFOLIO

On December 31, 1967, the investment portfolio of the Company and its subsidiary companies included:

1,781,601	shares	Falconbridge Nickel Mines Limited
1,000,000	"	Frobex Limited
96,000	"	Opemiska Copper Mines (Quebec) Limited
238,235	"	Wexford Mines Limited

Other sundry investments were held having quoted market values aggregating \$151,000. Investments having no quoted market values have been included in the accounts at cost aggregating \$1,989,000.

THE McINTYRE MINE
SCHUMACHER, ONTARIO

STATEMENT OF OPERATING INCOME

COPPER OPERATIONS

	1967		1966	
	Total	Per lb. Copper	Total	Per lb. Copper
Copper, gold and silver produced	\$6,304,000	\$ 0.58	\$6,651,000	\$ 0.63
Operating costs:				
Mine development and exploration	745,000	.07	609,000	.06
Breaking and stoping	1,230,000	.11	1,067,000	.10
Milling	653,000	.06	502,000	.05
Marketing expense	1,034,000	.09	873,000	.08
Royalty under Ontario Mining Tax Act ..	78,000	.01	204,000	.02
Depreciation	212,000	.02	143,000	.01
Amortization of preproduction develop- ment expenditures	188,000	.02	179,000	.02
	4,140,000	.38	3,577,000	.34
Operating income	<u>\$2,164,000</u>	<u>\$.20</u>	<u>\$3,074,000</u>	<u>\$.29</u>

GOLD OPERATIONS

	1967		1966	
	Total	Per Fine Ounce Gold	Total	Per Fine Ounce Gold
Gold and silver produced	\$3,611,000	\$ 37.91	\$4,299,000	\$ 37.83
Emergency gold mining assistance	971,000	10.20	1,163,000	10.23
	4,582,000	48.11	5,462,000	48.06
Operating costs:				
Mine development and exploration	302,000	3.18	405,000	3.56
Breaking and stoping	3,152,000	33.09	3,793,000	33.38
Milling	794,000	8.33	778,000	6.85
Marketing expense	26,000	.27	30,000	.26
Municipal and provincial taxes and lease rentals	52,000	.54	49,000	.43
Depreciation	116,000	1.22	74,000	.65
	4,442,000	46.63	5,129,000	45.13
Operating income	<u>\$ 140,000</u>	<u>\$ 1.48</u>	<u>\$ 333,000</u>	<u>\$ 2.93</u>
Total operating income — copper and gold	<u>\$2,304,000</u>		<u>\$3,407,000</u>	

THE McINTYRE MINE
SCHUMACHER, ONTARIO

COPPER ORE RESERVES

	1967			1966		
	Tons	Copper Tons	%	Tons	Copper Tons	%
Defined by drilling	3,964,500	32,535	0.82	3,676,000	32,183	0.88
Broken	247,000	2,050	0.83	289,000	2,525	0.88
	<u>4,211,500</u>	<u>34,585</u>	<u>0.82</u>	<u>3,965,000</u>	<u>34,708</u>	<u>0.88</u>

GOLD ORE RESERVES

	1967		1966	
	Tons	Fine Ounces Gold	Tons	Fine Ounces Gold
Estimated in place	754,300	250,810	804,000	268,400
Broken ore	53,500	12,130	54,000	12,800
	<u>807,800</u>	<u>262,940</u>	<u>858,000</u>	<u>281,200</u>
Average grade per ton		<u>.326</u>		<u>.328</u>

THE LORRAINE MINE
BELLETERRE, QUEBEC

STATEMENT OF OPERATING INCOME

	1967	1966
Metal production	\$3,328,000	\$4,305,000
Operating costs:		
Marketing expense	1,247,000	1,494,000
Mine development and exploration	73,000	147,000
Breaking and stoping	429,000	450,000
Milling	240,000	209,000
Royalty under Quebec Mining Tax Act	78,000	143,000
Municipal and provincial taxes and lease rentals	19,000	12,000
Depreciation	325,000	325,000
Amortization of mine development expenditures	359,000	345,000
	<u>2,770,000</u>	<u>3,125,000</u>
Operating income	<u>\$ 558,000</u>	<u>\$1,180,000</u>

Mine came into production on January 1, 1965

McINTYRE PORCUPINE MINES LIMITED

AND SUBSIDIARY COMPANIES

FINANCIAL REVIEW

	1967	1966	1965	1964
Metal Sales	\$13,242,000	\$15,343,000	\$13,336,000	\$ 9,655,000
Emergency gold mining assistance	971,000	1,163,000	1,277,000	1,085,000
	14,213,000	16,506,000	14,613,000	10,740,000
Operating costs*	12,414,000	12,825,000	12,843,000	9,780,000
Operating income	1,799,000	3,681,000	1,770,000	960,000
Investment income	7,123,000	7,184,000	7,127,000	6,013,000
Income before the following deductions	8,922,000	10,865,000	8,897,000	6,973,000
Outside exploration expenditures	1,183,000	1,004,000	947,000	708,000
Income taxes: Current	4,000	400,000	44,000	133,000
Deferred	312,000	205,000	121,000	142,000
Minority interest in income	105,000	228,000	96,000	0
Net income	7,318,000	9,028,000	7,689,000	5,990,000
Net income per share	3.06	3.78	3.22	2.51
Dividends paid per share	2.80	2.70	2.40	1.80
INVESTMENTS				
At cost	99,195,000	110,390,000	103,033,000	99,647,000
Per share	41.52	46.20	43.14	41.73
At quoted market value	177,943,000	176,688,000	214,046,000	172,442,000
Per share	74.48	73.95	89.62	72.21
Working capital	18,230,000	3,332,000	3,358,000	3,103,000
Investments at cost	99,195,000	110,390,000	103,033,000	99,646,000
Fixed assets at depreciated value	2,468,000	2,346,000	2,763,000	3,127,000
Other assets	3,776,000	2,701,000	2,940,000	3,460,000
Deferred income taxes	(780,000)	(468,000)	(263,000)	(142,000)
Minority interest in assets	(204,000)	(428,000)	(480,000)	(383,000)
Shareholders' equity at book value	122,685,000	117,873,000	111,351,000	108,811,000
Per share	51.35	49.34	46.62	45.57
Shareholders' equity with investments at market	201,433,000	184,171,000	222,364,000	181,606,000
Per share	84.31	77.09	93.10	76.05

Notes—*Includes depreciation and amortization of mine development expenditures.

Adjusted for 3-for-1 stock split in 1959.

Adjusted for deferred income taxes—1964 and 1965.

1963	1962	1961	1960	1959	1958
\$ 8,197,000	\$ 9,680,000	\$ 8,879,000	\$ 8,571,000	\$ 8,792,000	\$ 9,054,000
1,340,000	1,065,000	1,409,000	1,201,000	816,000	931,000
9,537,000	10,745,000	10,288,000	9,772,000	9,608,000	9,985,000
9,077,000	9,326,000	9,485,000	9,166,000	8,739,000	9,066,000
460,000	1,419,000	803,000	606,000	869,000	919,000
5,189,000	4,649,000	3,111,000	2,261,000	2,194,000	2,195,000
5,649,000	6,068,000	3,914,000	2,867,000	3,063,000	3,114,000
510,000	667,000	358,000	416,000	534,000	533,000
104,000	68,000	85,000	56,000	18,000	224,000
0	0	0	0	0	0
13,000	2,000	2,000	3,000	99,000	40,000
5,022,000	5,331,000	3,469,000	2,392,000	2,412,000	2,317,000
2.10	2.24	1.47	1.04	1.05	1.01
1.60	1.15	1.00	1.00	1.00	1.00
99,014,000	77,271,000	69,302,000	51,182,000	51,291,000	48,604,000
41.48	32.50	29.30	22.24	22.31	21.24
134,068,000	117,644,000	137,421,000	81,365,000	75,760,000	78,736,000
56.16	49.48	58.09	35.36	32.95	34.42
2,662,000	3,997,000	1,272,000	1,364,000	938,000	752,000
99,014,000	77,271,000	69,302,000	51,182,000	51,291,000	48,604,000
1,473,000	1,278,000	636,000	628,000	477,000	606,000
3,727,000	2,164,000	1,420,000	1,148,000	937,000	951,000
0	0	0	0	0	0
0	(30,000)	(27,000)	(25,000)	(22,000)	(1,980,000)
106,876,000	84,680,000	72,603,000	54,297,000	53,621,000	48,933,000
44.77	35.61	30.69	23.59	23.32	21.39
141,930,000	125,053,000	140,722,000	84,480,000	78,090,000	79,065,000
59.46	52.59	59.49	36.71	33.96	34.56

EXPLORATION OFFICES

In Canada

Toronto, Ontario

Suite 1500
25 King Street West

Schumacher, Ontario

P.O. Box 970
Timmins

Bourlamaque, Quebec

Room 2, Town Hall

Vancouver, British Columbia

Suite 1023
409 Granville Street

In Australia

McIntyre Mines (Australia) Pty. Ltd.

8-12 Bridge Street
Sydney, New South Wales

In New Zealand

McIntyre Mines New Zealand Ltd.

244 Trafalgar Street
Nelson, New Zealand



BUREAUX D'EXPLORATION

Au Canada

Toronto, Ontario : Bureau 1500
25 ouest, rue King

Schunmacher, Ontario : C.P. 970
Timmins

Bourlamaque, Québec : Bureau 2, Hôtel de Ville
Vancouver, Colombie Britannique : Bureau 1023
409, rue Granville

En Australie

McIntyre Mines (Australia) Pty. Ltd. : 8-12 Bridge Street
Sydney, New South Wales

En Nouvelle-Zélande

McIntyre Mines New Zealand Ltd. : 244 Trafalgar Street
Nelson, New Zealand



1962	1962	1961	1960	1959	1958
\$ 8,197,000	\$ 9,680,000	\$ 8,879,000	\$ 8,571,000	\$ 8,792,000	\$ 9,054,000
1,340,000	1,065,000	1,409,000	1,201,000	816,000	931,000
9,537,000	10,745,000	10,288,000	9,772,000	9,608,000	9,985,000
9,077,000	9,326,000	9,485,000	9,166,000	8,739,000	9,066,000
460,000	1,419,000	803,000	606,000	869,000	919,000
5,189,000	4,649,000	3,111,000	2,261,000	2,194,000	2,195,000
5,649,000	6,068,000	3,914,000	2,867,000	3,063,000	3,114,000
510,000	667,000	358,000	416,000	534,000	533,000
104,000	68,000	85,000	56,000	18,000	224,000
0	0	0	0	0	0
13,000	2,000	2,000	3,000	99,000	40,000
5,022,000	5,331,000	3,469,000	2,392,000	2,412,000	2,317,000
2.10	2.24	1.47	1.04	1.05	1.01
1.60	1.15	1.00	1.00	1.00	1.00
99,014,000	77,271,000	69,302,000	51,182,000	51,291,000	48,604,000
41.48	32.50	29.30	22.24	22.31	21.24
134,068,000	117,644,000	137,421,000	81,365,000	75,760,000	78,736,000
56.16	49.48	58.09	35.36	32.95	34.42
2,662,000	3,997,000	1,272,000	1,364,000	938,000	752,000
99,014,000	77,271,000	69,302,000	51,182,000	51,291,000	48,604,000
1,473,000	1,278,000	636,000	628,000	477,000	606,000
3,727,000	2,164,000	1,420,000	1,148,000	937,000	951,000
0	0	0	0	0	0
0	(30,000)	(27,000)	(25,000)	(22,000)	(1,980,000)
106,876,000	84,680,000	72,603,000	54,297,000	53,621,000	48,933,000
44.77	35.61	30.69	23.59	23.32	21.39
141,930,000	125,053,000	140,722,000	84,480,000	78,090,000	79,065,000
59.46	52.59	59.49	36.71	33.96	34.56

REVUE FINANCIÈRE 1967 1966 1965 1964

Ventes de métaux	\$13,242,000	\$15,343,000	\$13,336,000	\$ 9,655,000
Aide à l'exploitation des mines d'or	971,000	1,163,000	1,277,000	1,085,000
Frais d'exploitation*	12,414,000	12,825,000	12,843,000	9,780,000
Revenu d'exploitation	1,799,000	3,681,000	1,770,000	960,000
Revenu de placements	7,123,000	7,184,000	7,127,000	6,013,000
Revenu avant les déductions suivantes	8,922,000	10,865,000	8,897,000	6,973,000
Dépenses de recherche hors des mines	1,183,000	1,004,000	947,000	708,000
Impôts sur le revenu : courants	4,000	400,000	44,000	133,000
Intérêt minoritaire dans le revenu	105,000	228,000	96,000	142,000
Revenu net	7,318,000	9,028,000	7,689,000	5,990,000
Revenu net par action	3.06	3.78	3.22	2.5
Dividendes versés, par action	2.80	2.70	2.40	1.8

PLACEMENTS

Au prix coûtant	99,195,000	110,390,000	103,033,000	99,647,000
Par action	41.52	46.20	43.14	41.7
A la valeur cotée du marché	177,943,000	176,688,000	214,046,000	172,442,000
Par action	74.48	73.95	89.62	72.2

Fonds de roulement	18,230,000	3,332,000	3,358,000	3,103,000
Placements, au prix coûtant	99,195,000	110,390,000	103,033,000	99,646,000
Immobilisations, à leur valeur amortie	2,468,000	2,346,000	2,763,000	3,127,000
Autres valeurs actives	3,776,000	2,701,000	2,940,000	3,460,000
Impôts sur le revenu reportés	(780,000)	(468,000)	(263,000)	(142,000)
Intérêt minoritaire dans l'actif	(204,000)	(428,000)	(480,000)	(383,000)
Avoir des actionnaires à sa valeur comptable	122,685,000	117,873,000	111,351,000	108,811,000
Par action	51.35	49.34	46.62	45.5
Avoir des actionnaires avec les placements à leur valeur du marché	201,433,000	184,171,000	222,364,000	181,606,000
Par action	84.31	77.09	93.10	76.0

Notes—*Ces frais comprennent l'amortissement et l'amortissement des frais de développement des mines. Ajustés au fractionnement 1-3 des actions en 1959. Ajustés pour impôts sur le revenu reportés—1964 et 1965.

THE MCINTYRE MINE
SCHUMACHER, ONTARIO

RÉSERVES DE MINÉRAI CUPRIFÈRE

1967			1966		
Gisements délimités par les sondages	Tonnes	Cuivre	Tonnes	Cuivre	Tonnes
3,964,500	32,535	0.82	3,676,000	32,183	0.88
247,000	2,050	0.83	289,000	2,525	0.88
4,211,500	34,585	0.82	3,965,000	34,708	0.88

RÉSERVES DE MINÉRAI AURIÈRE

1967			1966		
Estimation des gisements	Tonnes	Or fin	Estimation des gisements	Tonnes	Or fin
754,300	250,810	Onces	804,000	268,400	Onces
53,500	12,130		54,000	12,800	
807,800	262,940		858,000	281,200	
Moyenne de la teneur, la tonne			.326		

THE LORRAINE MINE
BELLETERRE, QUÉBEC

ÉTAT DU REVENU D'EXPLOITATION

1967			1966		
Production de métaux	\$3,328,000		\$4,305,000		
Frais d'exploitation	1,247,000		1,494,000		
Services commerciaux	73,000		147,000		
Développement et exploration	429,000		450,000		
Abattage	240,000		209,000		
Traitement	78,000		143,000		
Redevances au titre de la loi de l'impôt sur les mines du Québec	19,000		12,000		
Taxes municipales, impôt provincial et loyers de concession	325,000		325,000		
Amortissement des dépenses de développement des mines	359,000		345,000		
Amortissement	2,770,000		3,125,000		
Revenu d'exploitation	\$ 558,000		\$1,180,000		

La mine est exploitée depuis le 1er janvier 1965



THE McINTYRE MINE
SCHUMACHER, ONTARIO

ÉTAT DU REVENU D'EXPLOITATION

EXPLOITATION CUPRIÈRE

1967		1966	
Production de cuivre, d'or et d'argent	\$6,304,000	Total	\$6,651,000
Par lb de cuivre	\$ 0.58	Par lb de cuivre	\$ 0.63
Frais d'exploitation	745,000	609,000	.06
Développement des mines et exploration	1,230,000	1,067,000	.10
Abattage	653,000	502,000	.05
Traitement	1,034,000	873,000	.08
Redevances au titre de la loi de l'impôt sur les mines de l'Ontario	78,000	204,000	.02
Amortissement	212,000	143,000	.01
Amortissement des dépenses préliminaires à la production	188,000	179,000	.02
Revenu d'exploitation	\$2,164,000	3,577,000	.34
		\$3,074,000	\$.29

EXPLOITATION AURIÈRE

1967		1966	
Production d'or et d'argent	\$3,611,000	Total	\$4,299,000
Par once d'or fin	\$ 37.91	Par once d'or fin	\$ 37.83
Aide à l'exploitation des mines d'or	971,000	1,163,000	10.23
Frais d'exploitation	4,582,000	5,462,000	48.06
Développement des mines et exploration	302,000	405,000	3.56
Abattage	3,152,000	3,793,000	33.38
Traitement	794,000	778,000	6.85
Services commerciaux	26,000	30,000	.26
Taxes municipales, impôt provincial et loyers de concession	52,000	49,000	.43
Amortissement	116,000	74,000	.65
Revenu d'exploitation	4,442,000	5,129,000	45.13
	\$ 140,000	\$ 333,000	\$ 2.93
	\$2,304,000	\$3,407,000	
Revenu total d'exploitation — cuivre et or			

PORTFOLIO DE PLACEMENTS

Au 31 décembre 1967, le portefeuille de placements de la Compagnie et de ses filiales se répartissait comme suit:

1,781,601 actions de Falconbridge Nickel Mines Limited	
1,000,000	" de Frobex Limited
96,000	" de Opemiska Copper Mines (Quebec) Limited
238,235	" de Wexford Mines Limited

D'autres placements divers étaient détenus, d'une valeur globale cotée sur le marché à \$151,000. Des placements n'ayant pas de valeur cotée sur le marché ont été inclus dans les comptes au prix d'acquisition global de \$1,989,000.



NOTES AUX ETATS FINANCIERS CONSOLIDES

31 décembre 1967

1. PRINCIPE DE CONSOLIDATION
Les états financiers consolidés comprennent les comptes des filiales en propriétés exclusives et Lorraine Mining Company Limited, une filiale dans laquelle 80% des actions émises sont détenues.
2. FALCONBRIDGE NICKEL MINES LIMITED
Le revenu du placement dans Falconbridge Nickel Mines Limited n'a été comptabilisé qu'à concurrence des dividendes reçus. La part de la compagnie dans les bénéfices réinvestis de Falconbridge depuis l'acquisition des actions dans cette compagnie, incluant le profit sur la vente de placements, s'élevait à \$15,291,000 au 31 décembre 1966. Le revenu net de Falconbridge en 1967, basé sur l'estimation de \$5.25 l'action annoncée le 5 février 1968, excède de \$3,080,000 le montant des dividendes reçus (\$3,636,000 en 1966). Au 31 décembre 1967, la compagnie détenait 36.3% des actions en circulation de Falconbridge Nickel Mines Limited. A cause du grand nombre d'actions en portefeuille, leur valeur cotée à la bourse ne représente pas nécessairement leur valeur de réalisation.
3. CAPITAL-ACTIONS
En vertu du plan d'option d'achat réservé au personnel-cadre, 100 actions ont été émises en 1967 pour une considération en argent de \$8,134. Des 150,000 actions mises de côté, à cette fin, en 1958, 90,250 étaient émises au 31 décembre 1967, et, à cette même date, les employés détenaient des options à \$81.34 l'action sur 300 actions dont l'échéance est le 31 mars 1968 et sur 2,400 actions dont l'échéance est le 14 octobre 1970.
4. AMORTISSEMENT
L'amortissement de l'usine et de l'équipement a été calculé à des taux annuels sur le coût des biens non totalement amortis au taux de 10% pour la mine McIntyre, 25% pour la mine Lorraine et 25% pour l'avion. L'amortissement des frais de mise en exploitation des mines, jusqu'au moment de la production, est calculé sur la durée estimative des réserves de minerai.
5. L'ENGAGEMENT WEXFORD
La compagnie s'est offerte à fournir des fonds jusqu'à \$15 millions pour la mise en exploitation de la propriété minière appartenant à Wexford Mines Limited dans la région de Gaspé. L'offre comprend l'achat de \$15 millions d'obligations garanties par une première hypothèque et l'achat de 1,000,000 d'actions d'une compagnie à être constituée et à laquelle la propriété serait transférée. A la suite de ce financement, la compagnie contrôlera directement et indirectement 36.4% des actions de la nouvelle compagnie en plus de détenir des obligations garanties par une première hypothèque et gagées sur les revenus.
6. IMPÔTS SUR LE REVENU
L'amortissement est imputé aux opérations selon une politique constante établie par la compagnie. Toutefois, les dégrèvements pour fins d'impôt relatifs à ces coûts excèdent le montant imputé aux opérations, ce qui, en conséquence, réduit les impôts à payer. L'impôt imputé contre le revenu représente l'impôt total sur les opérations de l'année tandis que la réduction d'impôt apparaît au bilan sous la rubrique "impôts sur le revenu reportés aux exercices futurs".
Les revenus d'exploitation de la mine Lorraine sont exemptés d'impôt pour une période de trois ans à partir du 1 janvier 1965 et les dividendes de compagnies canadiennes imposables ne sont pas imposables entre les mains de la compagnie.
Le gouvernement des Etats-Unis a réclamé d'une filiale un montant d'impôt additionnel de E.U. \$1,325,000, plus intérêts, sur le profit réalisé lors de la vente de placements en 1962 et 1963. Une provision de \$567,000 a été créée à la suite de cette réclamation.
7. RÉMUNÉRATION DES ADMINISTRATEURS ET OFFICIERS SUPÉRIEURS
La rémunération directe payée aux administrateurs et officiers supérieurs de la compagnie s'est chiffrée à \$319,000 en 1967 et \$253,000 en 1966.
8. RÉGIME DE PENSION
Aux termes d'un régime de pension à caractère contributif, établi en 1960, la compagnie verse chaque année des contributions pour les services courants des employés et les services antérieurs à l'existence du régime de pension. Au 31 décembre 1967, le montant requis pour combler le fonds en regard des services antérieurs est d'environ \$375,000.
9. PROFIT SUR VENTE DE PLACEMENTS
Selon la pratique comptable habituelle de la compagnie, le profit sur la vente de placements paraît à l'état des bénéfices réinvestis accompagnant les états financiers. Il en est ainsi de la provision pour impôts sur le revenu des filiales pour l'année antérieure (note 6). Aux états financiers soumis à la Commission des valeurs mobilières des Etats-Unis (U.S. Securities and Exchange Commission) et selon les exigences de la commission, ces items sont présentés à l'état d'exploitation sous une rubrique spéciale après le revenu net de l'année.

ÉTAT CONSOLIDÉ DES BÉNÉFICES RÉINVESTIS Année terminée le 31 décembre 1967

1967	1966
Solde au début de l'année	\$111,696,000
Profit sur vente de placements	4,742,000
Provision pour l'impôt sur le revenu d'une filiale pour l'année antérieure (note 6, page 14)	(567,000)
Revenu net de l'année	115,871,000
Déduire dividendes — \$2.80 l'action (1966 \$2.70 l'action)	7,318,000
	6,689,000
	629,000
	116,500,000
	111,696,000
	2,590,000
	6,438,000
	9,028,000
	109,106,000
	\$105,239,000
	3,867,000

Thorne,
Gunn,
Helliwell
& Christenson

COMPTABLES AGRÉÉS

RAPPORT DES VÉRIFICATEURS

Aux actionnaires de
McIntyre Porcupine Mines Limited

Nous avons examiné le bilan consolidé de McIntyre Porcupine Mines Limited et ses filiales au 31 décembre 1967, et les états consolidés d'exploitation, des bénéfices réinvestis et de source et emploi des fonds de l'année terminée à cette date. Notre examen a comporté une revue générale des procédés comptables et tels sondages des livres, pièces et autres preuves à l'appui que nous avons considérées nécessaires dans les circonstances.

A notre avis ces états financiers consolidés présentent équitablement la situation financière des compagnies au 31 décembre 1967 ainsi que le résultat de leurs opérations et la source et emploi de leurs fonds pour l'année terminée à cette date, conformément aux principes comptables généralement reconnus appliqués de la même manière qu'au cours de l'année précédente.

Toronto, Ontario
Le 5 février 1968

Arthur, Gunn, Helliwell & Christenson

COMPTABLES AGRÉÉS

ETAT CONSOLIDE D'EXPLOITATION
Année terminée le 31 décembre 1967

EXPLOITATION MINIERE		
1967	1966	
Revenu		
Extraction des métaux	\$13,242,000	\$15,343,000
Subventions pour exploitation minière de l'or	971,000	1,163,000
	14,213,000	16,506,000
Dépenses		
Dépenses d'exploitation, sauf celles énumérées ci-bas	10,159,000	10,936,000
Frais généraux et d'administration	1,065,000	834,000
Amortissement (note 4, page 14)	642,000	531,000
Amortissement des frais de mise en exploitation des mines (note 4, page 14)	548,000	524,000
	12,414,000	12,825,000
	1,799,000	3,681,000
REVENU DE PLACEMENTS		
Dividendes reçus de Falconbridge Nickel Mines Limited (note 2, page 14)	6,115,000	5,935,000
Autres dividendes et intérêts	1,008,000	1,249,000
	7,123,000	7,184,000
	8,922,000	10,865,000
Déduire		
Dépenses et participations dans d'autres explorations ..	1,183,000	1,004,000
Intérêt minoritaire dans le revenu net d'une filiale	105,000	228,000
Impôt sur le revenu (note 6, page 14)	4,000	400,000
Portion exigible	312,000	205,000
Portion différée	1,604,000	1,837,000
	7,318,000	\$ 9,028,000
REVENU NET	\$ 7,318,000	\$ 9,028,000
Revenu net par action		
	\$ 3.06	\$ 3.78

PASSIF

Exigibilités

Comptes à payer et frais courus	\$ 876,000	1967	Comptes à payer et frais courus	\$ 851,000	1966
Impôt sur le revenu et redevances au gouvernement	663,000		Impôt sur le revenu et redevances au gouvernement	691,000	
	1,539,000			1,542,000	
Impôt sur le revenu reporté aux exercices futurs	780,000		Impôt sur le revenu reporté aux exercices futurs	468,000	
Intérêt minoritaire	204,000		Intérêt minoritaire	428,000	

Avoir des actionnaires

Capital-actions (note 3, page 14)			Capital-actions (note 3, page 14)		
Autorisé — 3,000,000 actions sans valeur au pair			Autorisé — 3,000,000 actions sans valeur au pair		
Emis — 2,389,282 actions (1966 — 2,389,182 actions)	6,185,000		Emis — 2,389,282 actions (1966 — 2,389,182 actions)	6,177,000	
Bénéfices réinvestis	116,500,000		Bénéfices réinvestis	111,696,000	
	122,685,000			117,873,000	

APPROUVÉ PAR LE CONSEIL D'ADMINISTRATION:

M. A. COOPER, Administrateur
W. B. DIX, Administrateur

\$125,208,000
\$120,311,000



BILAN CONSOLIDÉ

ACTIF		
1967	1966	
\$ 1,065,000	\$ 1,181,000	Encaisse
15,472,000	306,000	Dépôts bancaires
373,000	2,762,000	Lingots d'or et d'argent, à leur valeur de réalisation
2,057,000	459,000	Métaux en affinage, à leur valeur de réalisation estimée
408,000	166,000	Subventions à recevoir pour exploitation minière de l'or
394,000	4,874,000	Autres comptes à recevoir et dépenses payées d'avance
94,625,000	91,503,000	Placements en actions, au coût (valeur cotée, 1967 \$172,815,000; 1966 \$152,129,000)
		Falconbridge Nickel Mines Limited (note 2, page 14)
		Autres placements, au coût
	1,695,000	Titres du gouvernement et à court terme
	15,270,000	Placements en actions dans d'autres compagnies (valeur cotée, 1967 \$5,128,000; 1966 \$22,894,000)
	1,989,000	Autres placements (non cotés)
4,570,000	18,887,000	Immobilisations
11,903,000	11,209,000	Usine et équipement, au coût
9,786,000	9,214,000	Moins amortissement accumulé
2,117,000	1,995,000	Propriétés et droits miniers — Mine Lorraine au coût et les autres propriétés et droits miniers à une valeur nominale
351,000	351,000	Autres actifs et frais différés
2,468,000	2,346,000	
166,000	105,000	Impôt spécial remboursable
600,000	555,000	Approvisionnements, au coût
939,000	1,487,000	Frais de mise en exploitation des mines, moins l'amortissement
1,967,000	400,000	Frais de mise en exploitation — charbon
104,000	154,000	Autres actifs et frais différés
3,776,000	2,701,000	
\$125,208,000	\$120,311,000	

ÉTAT CONSOLIDÉ DE SOURCE ET EMPLOI DES FONDS

Année terminée le 31 décembre 1967

Source des fonds		
Revenu net pour l'année	\$ 7,318,000	1967
Montants imputés au revenu n'exigeant aucune sortie de fonds		
Amortissements	1,190,000	
Impôt sur le revenu reporté aux exercices futurs (note 6, page 14)	312,000	
Intérêt minoritaire dans le revenu net d'une filiale	105,000	
Fonds provenant de l'exploitation	8,925,000	
Produit de la vente de placements	19,641,000	
Produit d'une émission d'actions en vertu d'un plan d'option d'achat	8,000	
Autres sources de fonds	50,000	
	<u>28,624,000</u>	
Emploi des fonds		
Placements dans Falconbridge Nickel Mines Limited	3,122,000	
Autres placements	583,000	
Dividendes aux actionnaires	6,689,000	
Dividendes aux actionnaires minoritaires d'une filiale	328,000	
Additions à l'usine et l'équipement, montant net	764,000	
Frais de mise en exploitation — charbon	1,567,000	
Impôt spécial remboursable	61,000	
Provision pour l'impôt sur le revenu d'une filiale (note 6, page 14)	567,000	
Autres emplois de fonds	45,000	
	<u>13,726,000</u>	
Augmentation (diminution) du fonds de roulement	14,898,000	
Fonds de roulement au début de l'année	3,332,000	
Fonds de roulement à la fin de l'année	<u>\$18,230,000</u>	
		1966
Revenu net pour l'année	\$ 9,028,000	
Montants imputés au revenu n'exigeant aucune sortie de fonds		
Amortissements	1,055,000	
Impôt sur le revenu reporté aux exercices futurs (note 6, page 14)	205,000	
Intérêt minoritaire dans le revenu net d'une filiale	228,000	
Fonds provenant de l'exploitation	10,516,000	
Produit de la vente de placements	11,909,000	
Produit d'une émission d'actions en vertu d'un plan d'option d'achat	65,000	
Autres sources de fonds	231,000	
	<u>22,721,000</u>	
Placements dans Falconbridge Nickel Mines Limited	11,875,000	
Autres placements	3,525,000	
Dividendes aux actionnaires	6,438,000	
Dividendes aux actionnaires minoritaires d'une filiale	280,000	
Additions à l'usine et l'équipement, montant net	114,000	
Frais de mise en exploitation — charbon	400,000	
Impôt spécial remboursable	105,000	
Provision pour l'impôt sur le revenu d'une filiale (note 6, page 14)	10,000	
Autres emplois de fonds	<u>22,747,000</u>	
Augmentation (diminution) du fonds de roulement	(26,000)	
Fonds de roulement au début de l'année	3,358,000	
Fonds de roulement à la fin de l'année	<u>\$ 3,332,000</u>	

Des travaux de prospection d'uranium furent poursuivis sur une concession de quatre-vingts milles carrés sous option dans le nord-est de l'Alberta. Des indices d'uranium du minerai furent découverts à un certain nombre de droits, la minéralisation étant reliée à une importante structure faille qui exigera un forage pour l'évaluation. Les travaux de reconnaissance exécutés sur la concession ont révélé quatre autres régions radioactives qui doivent aussi être étudiées.

D'autres projets semblaient prometteurs au départ; les propriétés cuprifères, près de Massey, Ontario, et Greenwood, Colombie Britannique. Cependant, les travaux subséquents n'ont pas réussi à tracer des gisements de minéral exploitables.

Coranex Limited, dans laquelle McIntyre possède une participation de 20% a continué ses recherches de minerai cuprifère possible dans le centre de la Colombie Britannique. Le forage initial n'a pas permis de localiser du minerai valable.

La Compagnie détient un intérêt de 28% dans DeNiza Mining Corporation et administre son exploitation. DeNiza a effectué d'autres levés géophysiques par avion en Arizona et au Nouveau-Mexique, les forages subséquents sur trois propriétés ont donné des résultats négatifs.

La filiale australienne McIntyre Mines (Australia) Pty. Ltd., a complété l'étude de plusieurs propriétés dans l'est et le centre de l'Australie et augmente l'étendue de ses opérations dans ce pays. En Nouvelle-Zélande, notre filiale cons-tituée récemment, McIntyre Mines New Zealand Limited organise actuellement un programme de prospection qui se poursuivra pendant toute l'année 1968. The Superior Oil Company et Canadian Superior Oil Ltd. participent à ces deux projets d'exploration.

EMPLOYES

Au 31 décembre 1967, la Compagnie et ses filiales comptaient 888 employés. Quarante et un anciens employés salariés et 73 anciens employés rémunérés à l'heure recevaient des prestations de rente ou des gratifications pour leur service.

Le dîner annuel du club Quart-de-Siècle s'est tenu à Schumacher, Ontario, le samedi 4 novembre 1967, alors que treize nouveaux membres furent honorés. Le club comprend maintenant 145 employés actifs et 112 employés retraités.

ACTIONNAIRES

A la fin de l'année, il y avait 2,389,282 actions du capital-action de la compagnie émises et en

PERSPECTIVES

Les bénéfices pour 1968 seront sans doute quelque peu inférieurs à ceux de l'année à l'étude et subséquemment, pendant une courte période, des marges bénéficiaires moindres sont prévues. Cependant, l'on prévoit une augmentation des bénéfices à plus long terme par la suite.

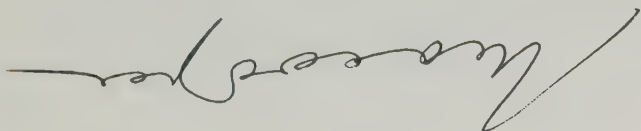
La Compagnie élargit actuellement son programme d'exploration par une recherche globale intensive de dépôts minéraux rentables et elle espère accroître son actif par des placements dans des domaines compatibles à l'expansion prévue. Nonobstant, les conditions économiques actuelles, au pays et à l'étranger, et les nombreuses incertitudes associées à ces conditions, la direction envisage l'avenir avec optimisme.

REMERCIEMENTS

Plusieurs changements ont été apportés dans la direction de la Compagnie au cours de l'année. Le nombre d'administrateurs est passé de neuf à quatorze et trois administrateurs de longue date ont pris leur retraite. M. J. C. Fraser et M. S. M. Wedd, qui ont rendu des services inestimables à la Compagnie depuis 1952 et 1958 respectivement, ont pris leur retraite après l'assomblée annuelle en mai. M. J. D. Barrington qui a tant contribué au succès de McIntyre, était administrateur depuis 1957 et, président et administrateur délégué depuis 1958, a pris sa retraite en décembre. A ces trois administrateurs, le Conseil adresse ses remerciements sincères.

Vos administrateurs sont heureux également d'exprimer leur reconnaissance chaleureuse aux employés pour les efforts loyaux et dévoués qu'ils ont déployés au cours de l'exercice qui vient de se terminer.

Au nom du Conseil d'administration,



Le président,

Toronto, le 6 février 1968

rains et en surface capables de traiter cette quantité de minerai. La zone minéralisée n'a pas été délimitée en profondeur et il existe aussi d'autres minerais possibles au nord du gisement principal.

Les frais préliminaires à la production totale et les dépenses en immobilisation sont estimés à \$15,000,000. La production est prévue pour le deuxième trimestre de 1969.

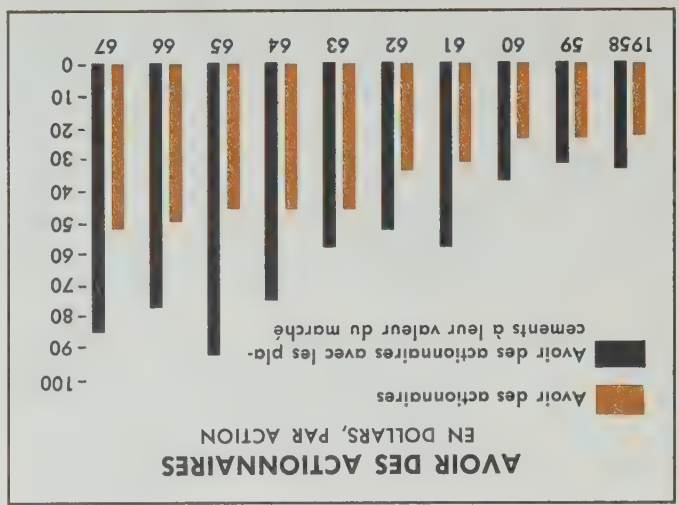
EXPLORATION

Le programme d'exploration générale fut élargi en 1967. Les travaux se sont poursuivis à travers le Canada, de même qu'aux États-Unis et en Australie, à la recherche de propriétés minières rentables.

Durant l'année, vingt trous de forage destinés à étudier les anomalies géophysiques précédemment délimitées sur une concession de 640 milles carrés dans le centre de Terre-Neuve furent complétés. Une petite minéralisation de sulfure fut rencontrée dans plusieurs régions bien qu'il ne s'agissait pas de minerai de qualité. Des études géophysiques furent effectuées par avion sur une deuxième concession s'étendant à l'est de celle du centre de Terre-Neuve. Des travaux subséquents au sol et des forages sont prévus pour l'année courante.

D'autres travaux de forage ont été exécutés sur un grand groupe de concessions dans le parc provincial de la Gaspésie, au Québec. Une minéralisation de faible teneur en cuivre fut rencontrée mais elle ne pouvait pas être corrélée entre les trous de forage. Un certain nombre d'anomalies géochimiques et de sections contenant des alluvions cuprifères restent à étudier.

Au nord de Timmins, Ontario, le forage et les travaux géophysiques se sont continués sur une grande étendue détenue sous option et par prolongement. Plusieurs autres groupes de concessions furent acquis dans la même région et ceux-ci seront analysés par forage en 1968.



Wexford Mines Limited, dans laquelle McIntyre détient un intérêt important, possède une propriété cuprifère dans la région du parc de la Gaspésie dans la province de Québec. Les réserves estimées sont considérées adéquates pour justifier l'installation d'un établissement d'une capacité de deux mille cinq cents tonnes par jour. Les plans sont actuellement à l'étude en vue de construire des aménagements souterrains.

WEXFORD MINES LIMITED

Le nouveau chemin de fer Alberta Ressources fut complété jusqu'au site minier en octobre et il est maintenant prêt à exploiter. Toutes les études technologiques pour l'aménagement d'une nouvelle ville, Grande Cache, ont été complétées par le gouvernement d'Alberta et la construction pourra commencer dans les deux mois après la signature du contrat de vente. De plus, des arrangements satisfaisants ont été faits pour les aménagements portuaires nécessaires et pour l'expédition océanique du produit fini.

Le programme minier pilote a été terminé en décembre 1967. La livraison tardive d'équipement minier empêcha l'achèvement complet des objectifs du programme mais beaucoup de renseignements utiles furent obtenus. Ces renseignements ont servi de base à une proposition de ventes aux aciéries japonaises en octobre 1967. Les négociations sont encore en cours, progressant un peu plus lentement qu'on ne l'avait prévu. Néanmoins, la direction espère qu'une convention de vente favorable sera conclue.

McINTYRE COAL MINES LIMITED

South Mine entrera en production en 1968. Des plans ont été annoncés pour la construction, à Falconbridge, Ontario, d'une nouvelle usine où l'on produira un alliage d'une haute teneur en fer et faible teneur en nickel. L'usine est destinée au traitement du sulfure de fer contenu dans la pyrrhotine, un constituant fondamental des minerais nickelifères de Falconbridge. Cette usine sera exploitée conjointement avec les nouveaux aménagements que Allied Chemical Company of Canada construira pour la récupération du souffre des gaz brûlés. La production a commencé au milieu de l'année à Westrob, filiale en propriété exclusive de Falconbridge, en Colombie Britannique. Cette propriété de fer-cuivre approchait justement son taux de production prévu lorsqu'un incendie a détruit l'atelier de Scheidage et les opérations ont été suspendues. Il est prévu que l'usine sera en plein fonctionnement de nouveau en mars.

L'année. Une amélioration était évidente à la fin de l'année mais la situation est encore sérieuse.

Des arrangements ont été faits pour louer à bail une partie de la propriété Hollinger. Pour éviter l'inondation possible de la mine McIntyre, la compagnie a l'intention de se servir du système de pompage de Hollinger lorsque cette mine cessera ses opérations.

MINE LORRAINE

Durant l'année, l'usine a traité 192,532 tonnes de minerai d'une teneur de 0.92% en cuivre et de 0.45% en nickel et desquelles 24,493 tonnes sèches de concentrés contenant 3,480,469 livres de cuivre et 1,477,548 livres de nickel furent produites. Le revenu de l'exploitation se chiffra à \$558,000.

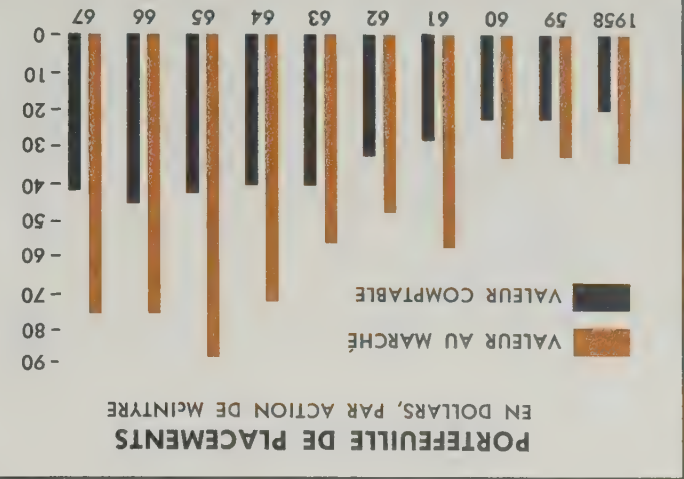
Des dividendes de 41¢ furent payés durant l'année en comparaison de 35¢ pour 1966.

Des travaux considérables de séparation de roches encrassantes en pierre dans les quartiers miniers ont entraîné une réduction de la teneur du minerai traité durant le dernier semestre de 1967. On prévoit une certaine amélioration avec le dynamitage du pilier du minerai qui reste au deuxième niveau.

Les travaux de trépage d'exploration et de forage au diamant ont rapporté des résultats négatifs à date. Avec les réserves actuelles de minerai abattu, on prévoit que la production de minerai abattu se continuera jusque vers le milieu de 1968.

PLACEMENTS

Durant l'année, la Compagnie a augmenté son placement dans Falconbridge Nickel Mines Limited de 35,500 actions et, à la fin de l'exercice, détenait 1,781,601 actions, soit l'équivalent de 36.3% du total des actions émises et en circulation de cette compagnie.

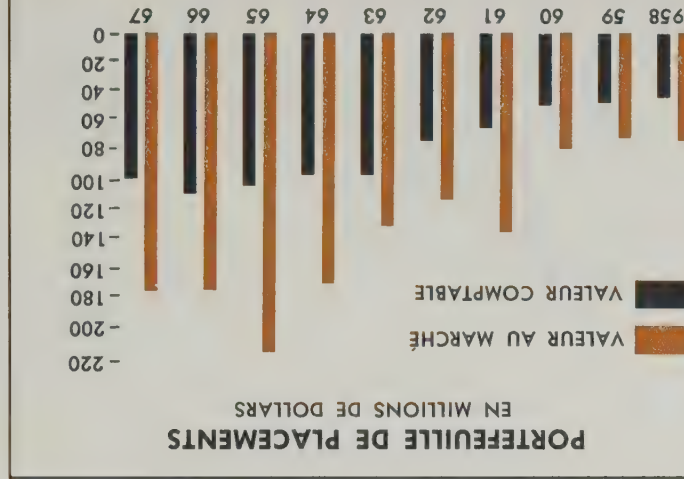


FALCONBRIDGE

Les placements à long terme dans des titres divers inscrits à la bourse furent vendus durant l'année, rapportant un gain de capital de \$4.7 millions. Le produit, après avoir servi aux nouveaux placements décrits ci-dessus, est détenu pour fins générales de la compagnie.

Les bénéfices de Falconbridge pour 1967 sont estimés à \$5.25 par action, en comparaison des bénéfices réels de \$5.66 en 1966. On prévoit que l'intérêt de McIntyre dans les bénéfices de Falconbridge de 1967 s'établira à \$3.85 par action de McIntyre. Les dividendes que McIntyre a reçus de Falconbridge furent de \$6,115,000, soit \$2.56 par action de McIntyre. La diminution des bénéfices de Falconbridge est attribuable à la baisse du revenu en dividendes résultant d'une part du fléchissement des prix du cuivre à la Bourse des métaux de Londres en 1967 et, d'autre part, à la baisse de la production de cuivre de certaines des compagnies associées. Les revenus de la production de nickel se sont améliorés et ceux-ci comptent partiellement la perte de revenu en dividendes.

L'agrandissement des aménagements de fabrication de Falconbridge dans le district de Sudbury a continué au cours de l'année. La mise en service de la nouvelle usine Strathcona est prévue pour février 1968 et l'usine atteindra sa pleine capacité vers le milieu de l'année. De



RAPPORT DES ADMINISTRATEURS aux actionnaires

Voici le cinquante-sixième rapport annuel de votre compagnie.

Le revenu net pour 1967 s'est chiffré à \$3.06

par action en comparaison de \$3.78 en 1966, soit une diminution de 19%.

La production de cuivre fut plus élevée qu'au cours de l'année précédente bien que la teneur du minerai traité

aux mines de McIntyre et Lorraine ait été un peu plus faible.

Une diminution du revenu touché pour le cuivre fut un facteur important dans la réduction des bénéfices.

Une diminution marquée du nombre de tonnes de minerai d'or traité fut légèrement compensée par une

augmentation de la teneur en or et même avec l'aide du gouvernement, la production d'or fut

marginal. Le niveau des bénéfices sur les placements fut bien maintenu.

Les dividendes d'un total de \$2.80 par action furent payés en 1967 en comparaison de \$2.70

par action en 1966.

Mine McIntyre

Durant l'année, 728,590 tonnes de minerai cuprifère furent traitées, desquelles furent récupérées 10,950,608 livres de cuivre et 10,545 onces d'or.

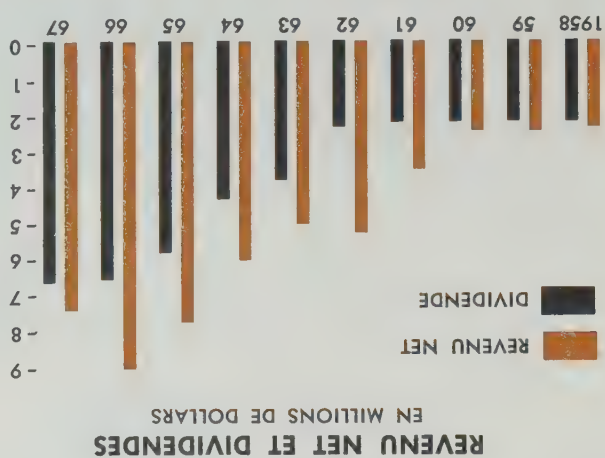
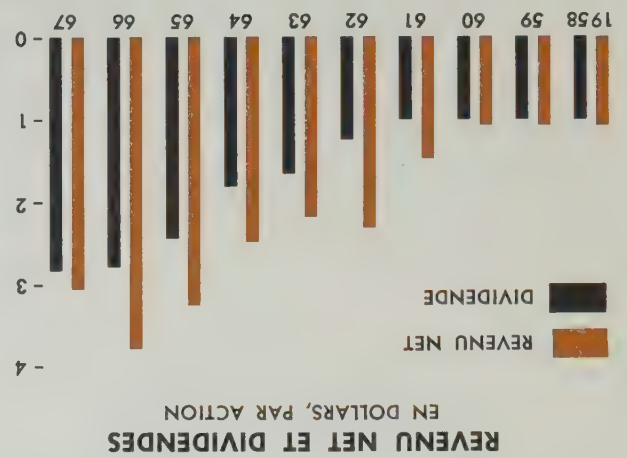
Le minerai aurifère traité, un total de 323,370 tonnes, a donné 95,254 onces d'or

et 8,574 onces d'argent. Le revenu des ventes de métaux fut de \$9,915,000 et les bénéfices d'exploitation, de \$2,304,000 y compris l'aide

à l'exploitation des mines d'or.

Exploitation cuprifère

Les travaux de trépage ont atteint un total de 16,063 pieds comprenant 12,101 pieds de galeries et 3,962 pieds de remontées. Du total ci-dessus 11,987 pieds ont servi à la préparation



Généralités

L'exploitation aurifère a, par suite de sa plus grande demande de main-d'œuvre, souffert du manque de mineurs compétents au cours de

tonnes.

Les réserves cuprifères délimitées par des sondages marquent une augmentation sur celles rapportées l'an dernier. Les réserves aurifères ont diminué d'environ 6%, soit de 50,200

Réserves de minerai

Durant l'année, la Loi de l'aide à l'exploitation des mines d'or a été renouvelée pour une autre période de trois années. Cette décision fut bien accueillie et nécessaire. La continuation de cette Loi aide matériellement la compagnie à maintenir la production d'or à McIntyre.

Les travaux de trépage dans les régions mini-ralisées possibles se sont chiffrés à 1,481 pieds mais ont donné des résultats négatifs. La production sur la concession Hollinger s'est chiffrée au total de 29,834 tonnes donnant en

Exploitation aurifère

L'exploration du prolongement en profondeur de la zone cuprifère sur la propriété de Westfield Minerals Limited indique que les gisements de minerai de cuivre se continuent en profondeur mais que leur teneur en cuivre est légèrement inférieure tandis que leur teneur en or semble être fractionnellement plus élevée. La zone sera explorée à partir du niveau de 3875 pieds de McIntyre; ce niveau est prolongé dans le terrain de Westfield.

L'exploration du prolongement en profondeur de la zone cuprifère sur la propriété de Westfield Minerals Limited indique que les gisements de minerai de cuivre se continuent en profondeur mais que leur teneur en cuivre est légèrement inférieure tandis que leur teneur en or semble être fractionnellement plus élevée.



SOMMAIRE

	1967	1966
Revenu net	\$ 7,318,000	\$ 9,028,000
Par action	\$3.06	\$3.78
Dividendes	\$ 6,689,000	\$ 6,438,000
Par action	\$2.80	\$2.70
Placements		
Au prix coûtant	\$ 99,195,000	\$110,390,000
Par action	\$41.52	\$46.20
A la valeur du marché	\$177,943,000	\$176,688,000
Par action	\$74.48	\$73.95
Production des métaux		
Cuivre - livres	14,431,000	14,947,000
Or - onces	109,000	127,000
Nickel - livres	1,478,000	1,853,000
Argent - onces	113,000	172,000

Administrateurs

J. K. B. BOOTH
Vice-président et administrateur délégué,
Canadian Superior Exploration Limited

MURRAY CHRISTIAN
Secrétaire et conseiller général,
The Superior Oil Company

MARSH A. COOPER
Président de la Compagnie

N. F. W. H. D'ARCY
Président,
Locana Corporation Limited

W. B. DIX
Vice-président et trésorier de la Compagnie

A. E. FELDMAYER
Président et administrateur délégué,
Canadian Superior Oil Ltd.

H. J. FRASER
Président et administrateur délégué,
Falconbridge Nickel Mines Limited

J. G. GLASSCO
Président, Brazilian Light and Power Company, Limited

J. K. GODIN
Vice-président administratif de la Compagnie

J. O. HAMBRØ
Président du Conseil,
Hambros Bank, Limited

W. M. KECK, FILS
Administrateur et membre du Comité des finances,

D. G. C. MENZEL
The Superior Oil Company
Associé, Campbell, Godfrey and Lewtas

G. H. STEER
Associé, Milner & Steer

Le Conseil est formé de quatorze administrateurs. Lors de l'assemblée générale annuelle des actionnaires, convoquée pour le 8 mai 1968, une personne sera nommée pour occuper le seul poste vacant.

MARSH A. COOPER
Président

J. K. GODIN
Vice-président administratif

M. L. URQUHART
Premier Vice-président

W. B. DIX
Vice-président et trésorier

F. T. MCKINNEY
Secrétaire

J. B. ANDERSON
Toronto, Ontario

P. B. MCRODAN
The McIntyre Mine, Schumacher, Ontario
J. K. YOUNGBLUT
The Lorraine Mine, Belleterre, Québec

Directeur général

Directeurs des mines

Membres de la direction



Capital-actions
 Autorisé: 3,000,000 actions sans valeur au pair
 Emis: 2,389,282 actions

Emplacement des mines
 The McIntyre Mine, Schumacher, Ontario
 The Lorraine Mine, Belleterre, Québec

Bureaux administratifs
 et siège social
 Bureau 1500, 25 ouest, rue King
 Toronto 1, Ontario

Vérificateurs
 Thorne, Gunn, Helliwell & Christenson
 Comptables Agréés, Toronto

Agents de transfert
 Canada Permanent Trust Company, Toronto
 Bankers Trust Company, New York

Préposés aux registres
 des actionnaires
 Crown Trust Company, Toronto
 The Chase Manhattan Bank
 (National Association), New York

ASSEMBLÉE ANNUELLE

L'assemblée annuelle des actionnaires se tiendra à 11h de la matinée, le mercredi 8 mai 1968, à la Salle Alberta de l'Hôtel Royal York, Toronto, Ontario.

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12	Etat consolidé du revenu
13	Etat consolidé des bénéfices réinvestis
13	Rapport des vérificateurs
14	Notes aux états financiers consolidés
15	Portefeuille de placements
	The McIntyre Mine
16	Etat du revenu d'exploitation
17	Réserves de minéral cuprifère
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17	Etat du revenu d'exploitation
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INCORPORÉ EN 1911



1967

RAPPORT ANNUEL

MONTYRIE

PORCUPINE MINES LIMITED

8200

AR23

MCINTYRE

PORCUPINE MINES LIMITED

EXECUTIVE OFFICES

Suite 1500

25 King Street West, Toronto 1, Ontario, Canada

Notice of Annual and Special General Meeting of Shareholders

March 20, 1967.

TO THE SHAREHOLDERS:

TAKE NOTICE that the Annual and a Special General Meeting of the Shareholders of McIntyre Porcupine Mines Limited will be held in the Alberta Room, Royal York Hotel, Toronto, Ontario, on Wednesday, the 3rd day of May, 1967, at the hour of eleven o'clock in the forenoon (Eastern Daylight Saving Time) to receive and consider the Directors' Report and Financial Statements for the year 1966, and to:

- (a) Consider and if thought fit, confirm a Special Resolution, passed by the Board of Directors on the 30th day of November, 1966, being a Special Resolution providing for an increase in the number of directors from nine to eleven, of whom five shall constitute a quorum. A copy of the said Special Resolution accompanies this notice;
 - (b) Elect directors for the ensuing year;
 - (c) Appoint auditors for the ensuing year;
- and to transact such other business as may properly be brought before the meeting.

If you cannot be personally present, please sign and return the accompanying separate proxy form to the Secretary, McIntyre Porcupine Mines Limited, 25 King Street West, Toronto 1, Canada. Forms of proxy to be used at this meeting must be deposited with the Company before eleven o'clock in the forenoon (Eastern Daylight Saving Time) on Tuesday, May 2nd, 1967. A stamped addressed envelope is enclosed for that purpose.

By order of the Board of Directors,

F. T. McKINNEY

Secretary

Proxy Statement

This proxy statement is furnished by the Management of McIntyre Porcupine Mines Limited in connection with the solicitation of proxies to be used at the Annual and Special General Meeting of Shareholders of the Company called for May 3rd, 1967, for the purposes set forth in the preceding notice.

If the accompanying separate proxy form is executed and returned, it may nevertheless be revoked at any time. In connection with the revocation of proxies, Section 75a(4) of The Corporations Act (Ontario) provides as follows:

"In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head office of the company at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used or with the chairman of such meeting on the day of the meeting, or adjournment thereof, and upon either of such deposits the proxy is revoked."

Solicitation will be by mail, supplemented by telephone or other personal contact to be made without special compensation by regular officers and employees of the Company. The Company may reimburse shareholders' nominees or agents for the costs incurred in obtaining from their principals authorization to execute forms of proxy. The entire cost of solicitation will be borne by the Company.

The Anglo American Corporation of Canada Limited, the holder of record of 89,664 shares of the Company's capital stock, has informed the Company that it held beneficially on February 8, 1967, a total of 264,000 shares. This total represents approximately 11% of the outstanding voting securities of the Company.

The Superior Oil Company, the holder of record of 228,500 shares of the Company's capital stock, has informed the Company that it held beneficially on February 1, 1967, a total of 241,900 shares. This total represents approximately 10.12% of the outstanding voting securities of the Company.

CONFIRMATION OF SPECIAL RESOLUTION

On November 30, 1966, the Board of Directors passed the following Special Resolution:

THAT

1. The number of directors of the Company is hereby increased from nine to eleven so that the Board of Directors of the Company shall hereafter be composed of eleven directors.
2. Five directors shall constitute a quorum at any meeting of the Board of Directors.
3. All prior by-laws, resolutions and proceedings of the Company inconsistent herewith are hereby amended, modified and revised in order to give effect to this Special Resolution.

Passed by the Board of Directors this 30th day of November, 1966.

CORPORATE
SEAL

J. D. BARRINGTON
President

F. T. MCKINNEY
Secretary

The Special Resolution is to increase the authorized number of the Board of Directors from nine to eleven to enable the Shareholders to elect two further Directors. As noted below, Management proposes the election of Messrs. Menzel and Rush to fill the vacancies created by the increase.

The Special Resolution will only become effective if confirmed by at least two-thirds of the votes cast at the Annual and Special General Meeting of Shareholders to be held Wednesday, May 3rd, 1967.

ELECTION OF DIRECTORS

If confirmation of the above Special Resolution is received, the board will consist of eleven Directors to be elected annually. Proxy forms which are given pursuant to this solicitation will be voted for the election of the eleven nominees whose names are set forth herein, nine of whom are now members of the Board of Directors, and have been since the dates indicated. If the above Special Resolution is not confirmed, it is the intention that such proxy forms will be voted for the election of the nine nominees who are now members of

the Board of Directors. The Management does not contemplate that any of the nominees will be unable to serve as a Director, but if that should occur for any reason prior to the meeting, the persons named in the accompanying proxy form reserve the right to vote for another person of their choice in his place and stead.

The names of each of the nominees for office as Directors and pertinent information regarding them are as follows:

<u>Name</u>	<u>Principal Occupation or Employment</u>	<u>Date on which first elected Director</u>	<u>Shares Beneficially owned*</u>
J. D. BARRINGTON.....	President and Managing Director of the Company	Mar. 18, 1957	30,300
M. A. COOPER.....	Consulting Geologist, James, Buffam & Cooper	July 10, 1962	1,000
NORMAN F. W. D'ARCY.....	President, Locana Corporation Limited	May 9, 1956	3,345
W. B. DIX.....	Vice-President and Treasurer of the Company	May 17, 1952	3,050
H. J. FRASER.....	President and Managing Director of Falconbridge Nickel Mines Limited	Sept. 9, 1965	100
J. C. FRASER.....	Senior partner of the investment brokerage firm of Fraser, Dingman & Co.	May 17, 1952	300
J. G. GLASSCO.....	President, Brazilian Light and Power Company, Limited	May 7, 1964	400
J. O. HAMBRO.....	Chairman of Hambros Bank, Limited	May 7, 1964	3,160
D. G. C. MENZEL.....	Partner, Campbell, Godfrey and Lewtas		100
M. W. RUSH.....	Executive Director, Anglo American Corporation of South Africa, Limited		100
S. M. WEDD.....	Director, National Trust Company, Limited	Feb. 17, 1958	500

* The information as to securities beneficially owned, not being within the knowledge of the management has been furnished by the respective Directors individually subsequent to January 15, 1967.

Mr. John D. Barrington, a Director of the Company since March 18th, 1957, was appointed President and Managing Director of the Company on February 17th, 1958. Mr. Barrington is a Director of Falconbridge Nickel Mines Limited; Canadian Imperial Bank of Commerce; National Trust Company, Limited; Algoma Steel Corporation, Limited and a number of other Canadian companies.

Mr. Marsh A. Cooper is a partner of the firm of James, Buffam and Cooper, consulting geologists of Toronto, Ontario. He is a Director of The Granby Mining Company Limited; Manitou-Barvue Mines Limited and other Canadian companies.

Mr. Norman F. W. D'Arcy is President and Director, Locana Corporation Limited, investment company, Toronto, and Chairman and Managing Director, Norman D'Arcy and Associates Limited, investment bankers. Mr. D'Arcy is also a Director of a number of other companies.

Mr. W. B. Dix has been continuously employed by the Company since 1928. He was appointed Treasurer on January 20th, 1944 and a Vice-President on February 24th, 1955.

Mr. H. J. Fraser is President and Managing Director of Falconbridge Nickel Mines Limited. He is a Director of Crown Trust Company; Minerals and Chemicals Phillipp Corporation; United Accumulative Fund Limited and a number of other companies.

Mr. John C. Fraser is the senior partner of the investment brokerage firm of Fraser, Dingman & Co., Toronto, Ontario. He was elected a Director of the Company on May 17th, 1952.

Mr. J. Grant Glassco is President of Brazilian Light and Power Company Limited, Toronto; President, Transatlantic Fund Incorporated, New York; Vice-President, Canadian Imperial Bank of Commerce; Director: Canadian Corporate Management Co. Limited, Toronto; Investors Syndicate of Canada Limited; Manufacturers Life Insurance Company; National Trust Company, Limited; Simpsons Limited; Simpsons-Sears Limited; The Southam Company Limited; Texaco Canada Limited.

Mr. Jocelyn Olaf Hambro is Chairman of Hambros Bank, Limited, 41 Bishopsgate, London, England; Chairman of the Board and a Director, Locana Corporation Limited, Toronto, and a Director of The Phoenix Assurance, Limited, London. Mr. Hambro is also a Director of a number of other companies.

Mr. David G. C. Menzel, a Barrister and Solicitor, is a partner of the law firm of Campbell, Godfrey and Lewtas of Toronto. From February, 1962 until September, 1963 his principal occupation was Vice-President of Falconbridge Nickel Mines Limited and prior to that he was Vice-President of Ventures Limited.

Mr. Maurice W. Rush is now and has been over the past five years, Executive Director, Anglo American Corporation of South Africa, Limited. He is also Chairman of the Board of Hudson Bay Mining and Smelting Company, Limited and is a Director of a number of other companies.

Mr. Stanley M. Wedd was elected a Director of the Company on February 17th, 1958. Mr. Wedd served the then Canadian Bank of Commerce as President from 1948 to 1952 and as Chairman of the Board from 1952 until retirement in 1956. He is a Director of Falconbridge Nickel Mines Limited; National Trust Company, Limited and a number of other Canadian companies.

The following information, with respect to the Company, is provided for the year 1966 concerning each director and each of the three highest paid officers, whose aggregate remuneration exceeded \$30,000:

<i>Name of individual or identity of group</i>	<i>Capacities in which remuneration was received</i>	<i>Aggregate remuneration</i>	<i>Estimated annual benefits upon retirement (a)</i>
J. D. BARRINGTON.....	President and Managing Director	\$ 102,500	\$23,417
M. L. URQUHART.....	Vice-President — Operations	37,500	25,148
W. B. DIX.....	Vice-President and Treasurer and Director	37,500	18,958
Eight other directors and officers in the aggregate.....		42,500	
		<u>\$ 220,000</u>	

- (a) *The Company's Retirement Plan for Salaried Employees provides for fixed benefits in the event of retirement at a specified age and contributions thereunder by the Company are on an actuarial basis. The estimates of annual benefits are based on accruals through 1966, including retirement income purchased and to be purchased with the officers' own contributions, assume that compensation rates in effect December 31st, 1966, will continue unchanged until retirement and that the provisions of the plan will not be changed.*

Since the beginning of the Company's last fiscal year, on January 1st, 1966, and up to January 15th, 1967, no options were granted to nor exercised by any officers or directors pursuant to the Company's Executive and Key Employees Stock Option Plan approved by the shareholders on May 7th, 1958.

APPOINTMENT OF AUDITORS

Gunn, Roberts and Co. first audited the accounts of the Company in 1920 and have been regularly appointed to the office of Auditors of the Company by the shareholders in each ensuing year. They have recently merged with several other firms of chartered accountants to form Thorne, Gunn, Helliwell & Christenson.

Unless otherwise instructed, proxy forms which are received pursuant to this solicitation will be voted for the re-election of Thorne, Gunn, Helliwell & Christenson as Auditors of the Company.

VOTING OF SHARES

As at January 15th, 1967, there were outstanding 2,389,182 shares without par value in the capital of the Company. Each share is entitled to one vote. All shareholders of record on May 3rd, 1967, the date of the Annual and Special General Meeting, are entitled to vote, but those desiring to be represented thereat by proxy must deposit their forms of proxy with the Company before eleven o'clock in the forenoon (Eastern Daylight Saving Time) on Tuesday, May 2nd, 1967.

OTHER BUSINESS

The Management is not aware of any matters to come before the meeting other than as set forth in the Notice of Meeting. Should other matters come before the meeting it is the intention of the proxy named in the accompanying proxy form to vote the same in accordance with his best judgment on such matters.

The shares represented by proxy forms received pursuant to the solicitation will be voted for items (a) to (c) inclusive listed on the proxy form unless the shareholder otherwise directs in which case the shares will be voted in accordance with such direction.

May 3, 1967

J. D. BARRINGTON ADDRESS TO SHAREHOLDERS

Ladies and Gentlemen:

I am pleased to welcome you to McIntyre's 55th Annual Meeting of Shareholders, and I wish to thank you for taking the time to attend.

Earnings and Dividends

As you will have seen in the Annual Report, McIntyre's 1966 earnings reached an all-time high in our history, with a net income of slightly over \$9 million, or \$3.78 a share. Dividends paid out also were the highest in our history at \$2.70 a share.

The first quarter earnings for this year were 67¢ per share, compared with 71¢ during the same period in 1966. While investment income remained about the same as last year, operating income was down due to higher costs. [At present, we forecast that 1967 earnings will be lower than the year under review.] Forecasting for the future becomes increasingly difficult due to factors which I will deal with later.

Investments

There have been some changes during 1966 in the investment portfolio. Our investment in Falconbridge was increased from 33.2% to 35.7%. International Nickel holdings were eliminated since our investment in Falconbridge gives us a substantial holding in the nickel industry.

You will have noted a reduction in our investment in Chartered. This has now been completely eliminated.

With the favourable diamond drill results at Wexford Mines in Gaspe, McIntyre increased its holdings in Frobex to one million shares, and acquired a block of 225,000 shares of Wexford. We now have a substantial interest, direct and indirect, in this promising property.

A modest purchase of 50,000 shares of Opemiska was made when, in our opinion, the stock seemed to be undervalued.

Over the past 10 years shareholders' equity, at book value, has increased 145%, from \$48 million to \$118 million. Earnings in the same period increased from \$1.08 to \$3.78 per share, and dividends from \$1.00 to \$2.70.

Repatriation of foreign investments, which commenced in 1956, and reinvestment in Canadian equities, has now been completed. This move is well justified by the record.

The McIntyre Mine

Turning now to the McIntyre Mine, the Annual Report mentioned that arrangements had been made for exploration of the old Coniaurum property, in the area adjacent to McIntyre to the east. Diamond drilling to date has shown low, erratic values in copper in fairly wide sections in the Pearl Lake porphyry, but no major addition to reserves has been outlined yet. Gold exploration too has been unproductive, however, as we have said before, good mines die hard and there are still a few years of life in the old McIntyre.

The wage increases which, under our present agreement, were to have been implemented on June 1st of this year, were put into effect at the first of the year in an attempt to hold sufficient experienced miners to keep the operation going. So far this year, the turnover has been minor and we are hopeful that the usual spring exodus will not be so disruptive as in previous years.

Operating profit from the McIntyre mine amounted to \$449, 195 for the first quarter of 1967, compared with \$549, 358 last year.

The Lorraine Mine

At Lorraine operations are proceeding normally. Tonnage for the first quarter was up and operating profit was modestly higher than the same period a year ago. A lower grade of ore was mined due to mining sequence. In a small mine with a single orebody we must take the ore as it comes. The net profit for 1966 was \$1.1 million, and we should at least equal this in 1967.

Deep diamond drilling is being carried out from the bottom level and is still in progress. While there was temporary encouragement from some low assays in copper and nickel, the results to date have not indicated a major new ore find. Present reserves are sufficient to maintain production at full rate until early next year. In the meantime, surface and underground exploration will continue.

May 3, 1967

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Falconbridge

In his address to the shareholders on April 24th, Mr. H. J. Fraser set out very well Falconbridge's main activities. The Company's net earnings for 1966 reached a record high of \$27,725,000, or \$5.66 a share.

The Tasu iron-copper project is now coming on stream and Strathcona, in the Sudbury district, is expected to be in production by the end of the year. Work at the smelter on the recovery of iron and sulphur from pyrrhotite has progressed favourably, as well as the pilot plant tests on nickel laterites in the Dominican Republic.

McIntyre continues to be well pleased with its investment in Falconbridge and with the splendid management that Company enjoys.

Exploration

Our expenditures on exploration during the past year, excluding coal, were over \$1 million, and reflect the continued expansion of our programmes. Exploration methods are becoming more complicated and costly, but it is our intention to carry on relentlessly with this phase of operations.

We are now working from coast to coast in Canada, in the United States, and in Australia. Some of the projects on hand show initial promise.

Smoky River Coal

A new company, McIntyre Coal Mines Limited, has been formed to take over our various coal leases in the Alberta foothills, and underground testing of both the rock characteristics connected with the deposits, and various types of coal mining machinery, is now well underway.

Railroad construction by the Alberta Government is ahead of schedule, and could reach the property by August of this year. Highway improvements are proceeding steadily, and a permanent bridge has now been completed across the Smoky River. I might say that we have had the utmost co-operation from the Alberta Government.

May 3, 1967

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You will be pleased to know that coking tests carried out by the Mines Branch of the Department of Energy, Mines and Resources in Ottawa, have confirmed the top quality previously indicated by tests in the United States and Japan.

Shareholders may well wonder, considering the recently announced Federal Government plans to phase out the uneconomic Nova Scotian coal mines, why McIntyre would be interested in coal at all, particularly as the eastern coals are located on seaboard. The answer lies in the fact that our Alberta deposits are of the highest metallurgical grade, comparable to the West Virginia coking coals, which are considered the best in the world. These coals command a premium price, and substantial amounts are required by the Japanese steel industry to blend with lower grades. Although other limited markets are available, Japan can take two to three million tons a year, provided the price is competitive. We believe we can be competitive.

Nevertheless, the mining of coal involves modest profits, large tonnages and long-range production plans. We have to compete with long-established U.S. mines, whose major investments have been written off. We must make high capital expenditures, presently estimated in the neighbourhood of \$35 million, for a modern mechanized operation to offset, to some extent, the high cost of labour.

While no subsidies are wanted nor expected, we must have positive assurance of tax incentives at least equal to those presently available to metal mines, otherwise it would be more prudent to shelve the entire project.

Outlook

There are four major factors affecting our industry which rather becloud the years ahead.

The first of these is the uncertainty in the price of non-ferrous metals. Of course, this is a hazard that has always been with us to a greater or lesser extent, nevertheless, a certain amount of slowdown, both in Canada and elsewhere, is of some concern. Speaking generally, we have sufficient faith in the future to believe any downturn will be of comparatively short duration.

May 3, 1967

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The next problem is manpower. In the past Canadian mining has drawn a good part of its underground force from able-bodied, intelligent immigrants, often with limited education. Because we have pockets of unemployment in Quebec and the Maritimes, the Department of Manpower and Immigration has seen fit to limit immigration to sponsored immigrants, most of whom are of little use to us since they generally have an urban background and are unsuitable, either because of age, or physical condition, to become miners. For unsponsored immigrants, the requirements are the equivalent of Grade 10. Most of these people already have other trades and skills, and simply do not want to become miners.

We have ample proof that immigrants who learn mining are people anxious to improve themselves: they become excellent citizens, and in many cases end up owning a stake in Canada. Lack of work has never forced a good miner to seek urban employment or be unemployed, if he wanted a job.

We have made repeated appeals to Ottawa over the past three years for a lowering of formal schooling requirements. Recently, we have noted in the press, that government officials have taken cognizance of the recommendations of the Senate-Commons Committee on Immigration, and the representations made by certain ethnic groups to that Committee. It appears now that the Department may allow some relaxation in the educational requirements for immigrants. We can only wait and see.

The third problem which causes concern is also connected with manpower. The past year has seen a round of wage negotiations and contracts unprecedented in Canada. We can well appreciate that our labour force desires a fair share of the fruits of an expanding economy, but unrealistic wage settlements which bear no relationship to productivity, increase the cost of manpower, materials and services to the point where Canada's competitive position in export markets is seriously threatened. Canada must match the competition in world markets to maintain the present standard of living.

Many economists are warning that unless productivity increases to a level corresponding to the rise in the cost of manpower, the further devaluation of the Canadian dollar is inevitable.

Our fourth concern is the Carter Royal Commission Report on Taxation. Should the recommendations of the Commission be implemented, it would not be many years before our worry about suitable manpower for mining would be eliminated. We just wouldn't need that many.

May 3, 1967

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For over 40 years the Income Tax Department has considered the rewards to those who make new discoveries, and those who back them, as capital gains which at present are not taxable. Now, the Commissioners recommend the abolition of these considerations and say that such rewards should be classed as income and taxed at full personal rates.

One of the facts which must be pointed out is that with few exceptions, mines are found by individuals or small exploration syndicates or companies, and this is true even though exploration methods are becoming increasingly sophisticated and expensive. One exception is the Sudbury area, where there exists a much more clearly defined pattern of ore structures than elsewhere in Canada.

While carrying out substantial amounts of exploration themselves, generally the larger mining companies acquire their mines at a later phase than that of discovery. It is therefore vitally important that the hundreds of small, active exploration groups continue to be aggressive in the field and, also, that they be encouraged in every way possible to expand their efforts. The meagre write-off allowances suggested by the Commissioners are simply not good enough and display an appalling ignorance of exploration as it relates to the mining industry.

The Commissioners also think the three-year tax exempt period for initial production should be abolished. This exemption was put into effect in 1936 through the efforts of Senator Thomas Crerar, who was then Minister of Mines. The results of this encouragement speak for themselves.

The Carter Commission admits that these incentives have brought about the rapid expansion of mining in Canada but thinks it would be better to give handouts, particularly in certain areas. Unfortunately, they have completely overlooked the fact that mineral deposits are not portable. In any case, we all know what handouts lead to. Emergency Gold Mining Assistance is really a handout to keep mining towns alive and give the Government foreign exchange. We wish the industry could do without E. G. M. A. but this is not possible unless the price of gold is raised.

The depletion allowance we do not consider an incentive or a concession. In the first Income Tax Act of 1917, depletion was recognized. As you know, this allowance is the recognition of the unique position of the mining and petroleum industries, inasmuch as we are dealing with wasting assets, whether these assets be large or small. Every ton of ore, barrel of oil, or thousand feet of gas, taken out of the ground, is gone forever.

May 3, 1967

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The Commissioners do not see anything unique about mining, and even state that it might be better to import the metals we require for domestic use, and redirect exploration and development efforts into other fields. This, despite the fact that the industry is producing over \$3 billions a year in real, newly-created wealth, and obtaining through metal exports over \$2 billions in foreign exchange for Canada each year.

The Commissioners have looked at the industry as a whole, saying that it is prosperous and fat, and they have singled it out for attack more than any other. Is it a crime to be successful? Did the Commission forget that mineral producers make substantial payments to Provincial Governments, which other industries are not required to make?

We, who have been connected with mining since the early days, have seen many mines come and go. They have been found after ceaseless exploration and been developed; sooner or later their wealth is mined out, and they close down but this cycle is the backbone of the industry.

There are many, many more failures than there are successes, but all are part of mining.

Speaking generally about the Carter Report, if it were to be adopted in its entirety it would be a rapid road to mediocrity, socialism, and a police state which would be necessary to enforce its recommendations. Surely our Governments have not moved to so far to the left that they have forgotten that Canada still is a frontier country demanding venture capital, individual initiative, and just reward if we wish to survive and prosper as a whole.

I would be remiss if I did not bring these problems to your attention. However, we at McIntyre are still confident that given equitable and wise legislation, the company will continue to thrive and grow in the bright future that is rising for our country.

Thank you.

Jim Spalding
J' > ~~st~~

Lee B

MCINTYRE
PORCUPINE MINES LIMITED

Address to Shareholders

by

J. D. Barrington
President and Managing Director

**FIFTY-FIFTH
ANNUAL MEETING
MAY 3, 1967**

TO THE SHAREHOLDERS:

At the Annual and Special General Meeting of Shareholders of the Company held on May 3rd, 1967, at which approximately 88% of the shares were represented in person or by proxy, the shareholders confirmed the special resolution passed by the Board of Directors on the 30th day of November, 1966, being a special resolution providing for an increase in the number of directors from nine to eleven, of whom five shall constitute a quorum.

At the same meeting the following were elected directors of the Company: Messrs. J. D. Barrington, M. A. Cooper, Norman D'Arcy, W. B. Dix, H. J. Fraser, J. C. Fraser, J. Grant Glassco, J. O. Hambro, D. G. C. Menzel, M. W. Rush and S. M. Wedd.

Thorne, Gunn, Helliwell & Christenson, successors to Gunn, Roberts and Co., of Toronto, chartered accountants, were re-appointed auditors of the Company's accounts.

At a subsequent meeting of the Directors the following officers were re-appointed:

President and Managing Director,
J. D. Barrington.

Senior Vice-President,
M. L. Urquhart.

Vice-President and Treasurer,
W. B. Dix.

Secretary,
F. T. McKinney.

In addition, Messrs. W. B. Dix, J. C. Fraser and S. M. Wedd resigned as directors and Messrs. J. K. B. Booth, A. E. Feldmeyer and G. H. Steer were appointed to fill the vacancies.

President's Remarks to the Shareholders at the Annual and Special General Meeting of the Shareholders held on Wednesday, May 3rd, 1967, at the Royal York Hotel, Toronto, Ontario.

LADIES AND GENTLEMEN:

I am pleased to welcome you to McIntyre's 55th Annual Meeting of Shareholders, and I wish to thank you for taking the time to attend.

EARNINGS AND DIVIDENDS

As you will have seen in the Annual Report, McIntyre's 1966 earnings reached an all-time high in our history, with a net income of slightly over \$9 million, or \$3.78 a share. Dividends paid out also were the highest in our history at \$2.70 a share.

The first quarter earnings for this year were 67¢ per share, compared with 71¢ during the same period in 1966. While investment income remained about the same as last year, operating income was down due to higher costs. At present, we forecast that 1967 earnings will be lower than the year under review. Forecasting for the future becomes increasingly difficult due to factors which I will deal with later.

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You will have noted a reduction in our investment in Chartered. This has now been completely eliminated.

With the favourable diamond drill results at Wexford Mines in Gaspé, McIntyre in-

creased its holdings in Frobex to one million shares, and acquired a block of 225,000 shares of Wexford. We now have a substantial interest, direct and indirect, in this promising property.

A modest purchase of 50,000 shares of Opemiska was made when, in our opinion, the stock seemed to be undervalued.

Over the past 10 years shareholders' equity, at book value, has increased 145%, from \$48 million to \$118 million. Earnings in the same period increased from \$1.08 to \$3.78 per share, and dividends from \$1.00 to \$2.70.

Repatriation of foreign investments, which commenced in 1956, and reinvestment in Canadian equities, has now been completed. This move is well justified by the record.

THE McINTYRE MINE

Turning now to the McIntyre Mine, the Annual Report mentioned that arrangements had been made for exploration of the old Coniaurum property, in the area adjacent to McIntyre to the east. Diamond drilling to date has shown low, erratic values in copper in fairly wide sections in the Pearl Lake porphyry, but no major addition to reserves has been outlined yet. Gold exploration too has been unproductive, however, as we have said before, good mines die hard and there are still a few years of life in the old McIntyre.

The wage increases which, under our present agreement, were to have been implemented on June 1st of this year, were put into effect at the first of the year in an attempt to hold sufficient experienced miners to keep the operation going. So far this year, the turnover has been minor and we are hopeful that the usual spring exodus will not be so disruptive as in previous years.

Operating profit from the McIntyre mine amounted to \$449,195 for the first quarter of 1967, compared with \$549,358 last year.

THE LORRAINE MINE

At Lorraine operations are proceeding normally. Tonnage for the first quarter was up and operating profit was modestly higher than the same period a year ago. A lower grade of ore was mined due to mining sequence. In a small mine with a single ore-body we must take the ore as it comes. The net profit for 1966 was \$1.1 million, and we should at least equal this in 1967.

Deep diamond drilling is being carried out from the bottom level and is still in progress. While there was temporary encouragement from some low assays in copper and nickel, the results to date have not indicated a major new ore find. Present reserves are sufficient to maintain production at full rate until early next year. In the meantime, surface and underground exploration will continue.

FALCONBRIDGE

In his address to the shareholders on April 24th, Mr. H. J. Fraser set out very well Falconbridge's main activities. The Company's net earnings for 1966 reached a record high of \$27,725,000, or \$5.66 a share.

The Tasu iron-copper project is now coming on stream and Strathcona, in the Sudbury district, is expected to be in production by the end of the year. Work at the smelter on the recovery of iron and sulphur from pyrrhotite has progressed favourably, as well as the pilot plant tests on nickel laterites in the Dominican Republic.

McIntyre continues to be well pleased with its investment in Falconbridge and with the splendid management that Company enjoys.

EXPLORATION

Our expenditures on exploration during the past year, excluding coal, were over \$1 million, and reflect the continued expansion of our programmes. Exploration methods are

becoming more complicated and costly, but it is our intention to carry on relentlessly with this phase of operations.

We are now working from coast to coast in Canada, in the United States, and in Australia. Some of the projects on hand show initial promise.

SMOKY RIVER COAL

A new company, McIntyre Coal Mines Limited, has been formed to take over our various coal leases in the Alberta foothills, and underground testing of both the rock characteristics connected with the deposits, and various types of coal mining machinery, is now well underway.

Railroad construction by the Alberta Government is ahead of schedule, and could reach the property by August of this year. Highway improvements are proceeding steadily, and a permanent bridge has now been completed across the Smoky River. I might say that we have had the utmost co-operation from the Alberta Government.

You will be pleased to know that coking tests carried out by the Mines Branch of the Department of Energy, Mines and Resources in Ottawa, have confirmed the top quality previously indicated by tests in the United States and Japan.

Shareholders may well wonder, considering the recently announced Federal Government plans to phase out the uneconomic Nova Scotian coal mines, why McIntyre would be interested in coal at all, particularly as the eastern coals are located on seaboard. The answer lies in the fact that our Alberta deposits are of the highest metallurgical grade, comparable to the West Virginia coking coals, which are considered the best in the world. These coals command a premium price, and substantial amounts are required by the Japanese steel industry to blend with lower grades. Although other limited markets are available,

Japan can take two to three million tons a year, provided the price is competitive. We believe we can be competitive.

Nevertheless, the mining of coal involves modest profits, large tonnages and long-range production plans. We have to compete with long-established U.S. mines, whose major investments have been written off. We must make high capital expenditures, presently estimated in the neighbourhood of \$35 million, for a modern mechanized operation to offset, to some extent, the high cost of labour.

While no subsidies are wanted nor expected, we must have positive assurance of tax incentives at least equal to those presently available to metal mines, otherwise it would be more prudent to shelve the entire project.

OUTLOOK

There are four major factors affecting our industry which rather becloud the years ahead.

The first of these is the uncertainty in the price of non-ferrous metals. Of course, this is a hazard that has always been with us to a greater or lesser extent, nevertheless, a certain amount of slowdown, both in Canada and elsewhere, is of some concern. Speaking generally, we have sufficient faith in the future to believe any downturn will be of comparatively short duration.

The next problem is manpower. In the past Canadian mining has drawn a good part of its underground force from able-bodied, intelligent immigrants, often with limited education. Because we have pockets of unemployment in Quebec and the Maritimes, the Department of Manpower and Immigration has seen fit to limit immigration to sponsored immigrants, most of whom are of little use to us since they generally have an urban background and are unsuitable, either because of age, or physical condition, to become miners. For unsponsored immigrants, the requirements are the equivalent of Grade 10. Most of these

people already have other trades and skills, and simply do not want to become miners.

We have ample proof that immigrants who learn mining are people anxious to improve themselves: they become excellent citizens, and in many cases end up owning a stake in Canada. Lack of work has never forced a good miner to seek urban employment or be unemployed, if he wanted a job.

We have made repeated appeals to Ottawa over the past three years for a lowering of formal schooling requirements. Recently, we have noted in the press, that government officials have taken cognizance of the recommendations of the Senate-Commons Committee on Immigration, and the representations made by certain ethnic groups to that Committee. It appears now that the Department may allow some relaxation in the educational requirements for immigrants. We can only wait and see.

The third problem which causes concern is also connected with manpower. The past year has seen a round of wage negotiations and contracts unprecedented in Canada. We can well appreciate that our labour force desires a fair share of the fruits of an expanding economy, but unrealistic wage settlements which bear no relationship to productivity, increase the cost of manpower, materials and services to the point where Canada's competitive position in export markets is seriously threatened. Canada must match the competition in world markets to maintain the present standard of living.

Many economists are warning that unless productivity increases to a level corresponding to the rise in the cost of manpower, the further devaluation of the Canadian dollar is inevitable.

Our fourth concern is the Carter Royal Commission Report on Taxation. Should the recommendations of the Commission be implemented, it would not be many years before our worry about suitable manpower for min-

ing would be eliminated. We just wouldn't need that many.

For over 40 years the Income Tax Department has considered the rewards to those who make new discoveries, and those who back them, as capital gains which at present are not taxable. Now, the Commissioners recommend the abolition of these considerations and say that such rewards should be classed as income and taxed at full personal rates.

One of the facts which must be pointed out is that with few exceptions, mines are found by individuals or small exploration syndicates or companies, and this is true even though exploration methods are becoming increasingly sophisticated and expensive. One exception is the Sudbury area, where there exists a much more clearly defined pattern of ore structures than elsewhere in Canada.

While carrying out substantial amounts of exploration themselves, generally the larger mining companies acquire their mines at a later phase than that of discovery. It is therefore vitally important that the hundreds of small, active exploration groups continue to be aggressive in the field and, also, that they be encouraged in every way possible to expand their efforts. The meagre write-off allowances suggested by the Commissioners are simply not good enough and display an appalling ignorance of exploration as it relates to the mining industry.

The Commissioners also think the three-year tax exempt period for initial production should be abolished. This exemption was put into effect in 1936 through the efforts of Senator Thomas Crerar, who was then Minister of Mines. The results of this encouragement speak for themselves.

The Carter Commission admits that these incentives have brought about the rapid expansion of mining in Canada but thinks it would be better to give handouts, particularly in certain areas. Unfortunately, they have

completely overlooked the fact that mineral deposits are not portable. In any case we all know what handouts lead to. Emergency Gold Mining Assistance is really a handout to keep mining towns alive and give the Government foreign exchange. We wish the industry could do without E.G.M.A. but this is not possible unless the price of gold is raised.

The depletion allowance we do not consider an incentive or a concession. In the first Income Tax Act of 1917, depletion was recognized. As you know, this allowance is the recognition of the unique position of the mining and petroleum industries, inasmuch as we are dealing with wasting assets, whether these assets be large or small. Every ton of ore, barrel of oil, or thousand feet of gas, taken out of the ground, is gone forever.

The Commissioners do not see anything unique about mining, and even state that it might be better to import the metals we require for domestic use, and redirect exploration and development efforts into other fields. This, despite the fact that the industry is producing over \$3 billions a year in real, newly-created wealth, and obtaining through metal exports over \$2 billions in foreign exchange for Canada each year.

The Commissioners have looked at the industry as a whole, saying that it is prosperous and fat, and they have singled it out for attack more than any other. Is it a crime to be successful? Did the Commission forget that mineral producers make substantial payments to Provincial Governments, which other industries are not required to make?

We, who have been connected with mining since the early days, have seen many mines come and go. They have been found after ceaseless exploration and been developed; sooner or later their wealth is mined out, and they close down but this cycle is the backbone of the industry.

There are many, many more failures than there are successes, but all are part of mining.

Speaking generally about the Carter Report, if it were to be adopted in its entirety it would be a rapid road to mediocrity, socialism, and a police state which would be necessary to enforce its recommendations. Surely our Governments have not moved so far to the left that they have forgotten that Canada still is a frontier country demanding venture capital, individual initiative, and just reward if we wish to survive and prosper as a whole.

I would be remiss if I did not bring these problems to your attention. However, we at McIntyre are still confident that given equitable and wise legislation, the company will continue to thrive and grow in the bright future that is rising for our country.

Thank you.

AR23

MCINTYRE
PORCUPINE MINES LIMITED

SUITE 1500, 25 KING STREET WEST
TORONTO 1, ONTARIO, CANADA

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**INTERIM REPORT
TO
SHAREHOLDERS**

FOR THE SIX MONTHS ENDED
JUNE 30, 1967

July 31, 1967

To the Shareholders:

Earnings for the first half of 1967 were down 13% compared to the same period in 1966. Net income amounted to \$3,579,000 or \$1.50 per share, compared with \$4,138,000 or \$1.73 per share last year.

Dividends paid during the period totalled \$1.40 per share vs. \$1.30 per share in the first half of 1966.

At the McIntyre Mine, 371,000 tons of copper ore were milled with a recovery of 5,752,000 pounds, compared with 4,825,000 pounds from the treatment of 319,000 tons in the first half of 1966. The average copper price for the period was 47.3¢ per pound or 12.3¢ less than in the corresponding first six months of 1966. This was the major factor in reduced earnings, although all costs continued their upward trend.

In the gold section of the mine 51,102 ounces of gold were recovered from the treatment of 179,000 tons of ore, compared with 57,788 ounces from 224,000 tons in the first half of 1966. Emergency Gold Mining Assistance permitted gold mining operations to be carried on during the period at a very modest profit.

At the Lorraine Mine, 97,000 tons of ore grading 1.08% copper and 0.52% nickel were treated for an operating profit of \$802,000, compared with \$1,026,000 in the first half of 1966. A slightly lower grade of ore and lower copper prices were primarily responsible for the lower income. After deducting all charges, net income was \$397,000 compared with \$606,000 in the 1966 period.

Investment income remained reasonably steady at \$3,135,000 and on June 30, 1967 the indicated market value of the investment portfolio amounted to \$75.00 per share.

At a meeting of the Board of Directors held July 17, 1967, Mr. J. D. Barrington relinquished the position and title of President and Managing Director of the company. It is intended that Mr. Barrington will assume the position of Chairman of the Board of Directors when such position is created at a meeting of the shareholders for which you will receive notice in due course.

At the same meeting of the Board of Directors, Mr. J. K. Godin was appointed Executive Vice-President of the company.

J. K. GODIN
Executive Vice-President

MCINTYRE

PORCUPINE MINES LIMITED

Consolidated Statement of Income

(Interim Statement subject to Audit)

	Six months ended June 30	
	1967	1966*
Mining Revenue:		
Metal production	\$7,010,000	\$7,883,000
Emergency gold mining assistance	518,000	594,000
	<u>7,528,000</u>	<u>8,477,000</u>
Operating costs including marketing, depreciation and amortization	6,409,000	6,480,000
Operating income	<u>1,119,000</u>	<u>1,997,000</u>
Investment income:		
Dividends from Falconbridge Nickel Mines Limited ...	2,620,000	2,478,000
Other dividends and interest	515,000	697,000
	<u>3,135,000</u>	<u>3,175,000</u>
Income before the following deductions	<u>4,254,000</u>	<u>5,172,000</u>
Deduct:		
Expenditures and participa- tions in outside explora- tion	473,000	449,000
Minority interest in net income of subsidiary company	79,000	121,000
Income taxes: Current	1,000	362,000
Deferred ...	122,000	102,000
	<u>675,000</u>	<u>1,034,000</u>
Net Income	<u>3,579,000</u>	<u>4,138,000</u>
Earnings per share	<u>\$1.50</u>	<u>\$1.73</u>

* 1966 published figures adjusted for proper comparison to include deferred taxes.

MCINTYRE

PORCUPINE MINES LIMITED

Consolidated Source and Application of Funds

(Interim Statement subject to Audit)

	Six months ended June 30	
	1967	1966
SOURCE OF FUNDS		
Funds from operations:		
Net income for the period	\$3,579,000	\$ 4,138,000
Charges to income not requiring current outlay:		
Depreciation and amortization	568,000	524,000
Income tax reductions deferred to future years	122,000	103,000
Minority interest in net income of subsidiary company	79,000	121,000
	<u>4,348,000</u>	<u>4,886,000</u>
Proceeds from issue of shares under stock option plan	—	8,000
Other sources	39,000	—
	<u>4,387,000</u>	<u>4,894,000</u>
APPLICATION OF FUNDS		
Investment in Falconbridge Nickel Mines Limited	130,000	8,144,000
Other investments	541,000	5,992,000
	<u>671,000</u>	<u>14,136,000</u>
Deduct proceeds from sales of investments	608,000	12,265,000
	<u>63,000</u>	<u>1,871,000</u>
Dividends to shareholders	3,345,000	3,105,000
Dividends to minority shareholders in subsidiary company	200,000	80,000
Additions to plant and equipment, net	614,000	66,000
Development expenditures on coal project — deferred	849,000	56,000
Special refundable tax	53,000	—
Other applications	—	403,000
	<u>5,124,000</u>	<u>5,581,000</u>
Decrease in Working Capital	737,000	687,000
Working Capital —		
Beginning of Period	<u>3,437,000</u>	<u>3,358,000</u>
Working Capital —		
End of Period	<u>2,700,000</u>	<u>2,671,000</u>

AR23

File

FROM:

A.J. Mellor

JAMES LOVICK LIMITED
800 BAY ST.,
TORONTO, ONT.
TEL: 921-1121

NEWS RELEASE

FOR RELEASE: Thursday, March 14, 1968

McINTYRE TO FINANCE GASPE COPPER MINE

M. A. Cooper, President of McIntyre Porcupine Mines Limited, announced today that arrangements have been completed for Madeleine Mines Limited to take over the assets of Wexford Mines Limited and for the financing to production of the mine by McIntyre. Madeleine Mines Limited is a company newly-formed in Quebec to hold and operate the property. The three major shareholders in Madeleine Mines are McIntyre, Frobex Limited and Area Mines Limited, with McIntyre, through its own holdings and its controlling interest in Frobex, having control of the operation.

McIntyre has committed \$12½ million to put the copper mine into production and has agreed to supply an additional \$2½ million if necessary. This is being done by purchasing from Madeleine 5 per cent income bonds and treasury shares in units of one \$1000 Bond and 80 shares of Madeleine at a price of \$1000 per unit. If the additional \$2½ million is required, it will be supplied through McIntyre's purchase of additional bonds at par.

Wexford Mines currently has issued 3,705,886 shares. On the share-for-share distribution, Frobex, in which McIntyre has a 28.5% interest, will hold 1,667,647 shares; Area Mines will have 1,551,176 shares; and McIntyre will receive 238,235 shares. Original vendors and private interests will account for another 248,828 shares.

The Madeleine Mine, which is a 4400-acre property 14 miles south of the St. Lawrence River in Lapotardiere and Boisbuisson Townships in Gaspé, Quebec, is the first mine to be opened since the Quebec Government's important decision, in 1963, to open the

Gaspe Park to staking. Production is scheduled to start in the second quarter of 1969 with mining and concentrator facilities to handle 2500 tons a day. During construction and development the mine will employ about 350 persons and after the start of production a crew of 140 will be continuously employed.

Metallurgical investigation has indicated a concentrate grading 32 per cent copper and 8 ounces of silver per ton can be produced. Recoveries range from 90 to 92 per cent copper and about 85 per cent silver. There will be an annual production of 22,400,000 lbs. of copper in the form of concentrates.

The financing of the mine is part of McIntyre's policy of not only seeking new mines but also joining with other interests in developing mining properties, according to Mr. Cooper. The property was staked in 1964 by Yvon Pelletier and some exploration and diamond drilling was completed. In 1965 Frobex, and Area Mines optioned the property and later transferred it to Wexford Mines Limited. Wexford Mines under the direction of McIntyre staff carried out an extensive program of geological mapping, geophysical surveys and surface diamond drilling. This was followed by adit development and underground diamond drilling preparatory to bringing the mine to production.

The orebody outcrops at an elevation of 3700 feet above sea level on the summit of Petit Mont Ste. Anne in the northwest part of the Tabletop Mountain. Main access to the mine is by an adit at the 2700 foot horizon. The primary crusher will be installed underground at this level and the ore fed by a 3000-foot conveyor to the secondary crushers and mill bins located near the adit portal.

The company plans to mine the main orebody from the top down in a series of open transverse stopes. Trackless equipment will be used for mucking and haulage to the main ore pass feeding the jaw crusher. All levels will be connected by underground inclines due to the rugged terrain and adverse weather.

PRESIDENT'S ADDRESS TO THE SHAREHOLDERS

ANNUAL MEETING

May 8, 1968

Ladies and Gentlemen:

On behalf of the Board of Directors, I take pleasure in welcoming you to McIntyre's 56th Annual Meeting of Shareholders.

I would like to bring you up-to-date on the affairs of the Company and to expand somewhat on the Annual Report that was sent to you a short time ago.

EARNINGS AND DIVIDENDS

The Company's earnings for 1967, already published in the Annual Report, were \$7.3 million or \$3.06 per share, a decrease of 72¢ per share from the previous year's all-time high of \$3.78. Dividends paid out in 1967 were \$2.80 per share compared with \$2.70 in 1966.

Earnings for the first quarter of 1968, as recently published in our Quarterly Earnings Statement, amounted to 74¢ per share, an increase of 7¢ over the same period a year ago. As noted, the increase for the most part was attributable to higher revenue from metal sales. Notwithstanding this first quarter improvement, we believe earnings for all of 1968 may be less than last year due to the impending cessation of mining operations at the Lorraine Mine and somewhat lower copper prices.

Effective with the payment made on March 1st this year, the rate of McIntyre dividends was reduced from 70¢ to 57-1/2¢ quarterly. When the new rate was announced, it was stated that the policy of the Company had been changed to

place greater stress on exploration and participation in mine acquisition and development. This, of course, involves the expenditure of a larger proportion of the Company's earnings. ~~To the extent possible, earnings - which it must be remembered are temporarily on a declining curve - will be used to finance these and other capital requirements. Realistic dividend policies must also play their part in supporting this plan to increase the natural resource assets of the Company.~~

INVESTMENTS

You will have noticed from our Annual Report that \$19.6 million was realized from the sale of long-term holdings in listed shares and Government securities. These moneys are invested in short-term securities to meet the forward commitments of the Company and for general corporate purposes.

~~In February of 1968~~ Madeleine Mines Limited (Les Mines Madeleine Ltée) was incorporated in Quebec to take over the assets and liabilities of Wexford Mines Limited. Your Company has agreed to manage the project and will supply \$12-1/2 million to put the Madeleine mine into production, and has further agreed to supply an additional \$2-1/2 million if required. The financing is being done by the purchase from Madeleine of 5% income debentures and treasury shares in units of one \$1,000 debenture and 80 shares of Madeleine at \$1,000 per unit. If the additional \$2-1/2 million is required, it will be supplied through McIntyre's purchase of additional debentures at par.

~~THE MCINTYRE MINE~~

At Schumacher, ~~the gold mine is operating at about 1,000 tons a day and, in addition, 2,000 tons of copper ore are being treated. Grades in both gold and copper sections have been holding up quite satisfactorily.~~

In the copper mine, development has been directed principally to extending the ore zone on the adjoining Westfield property. Recent sectional drilling on 3625 level has added considerable tonnage to reserves. Further drifting and drilling is planned for the area.

The operation, for the first time in several years, has a full labour complement. Some experienced miners have come from The Hollinger Mine, and it is expected to get additional men from that source as their operations are phased out.

Ore reserves have been reasonably well maintained, and with current base metal prices, the mine still has a number of productive years.

THE LORRAINE MINE

At the Lorraine Mine, operations are on a salvage basis; and, as in the case in most mines where mining is approaching the outer limits of the ore, dilution has been greater than during the previous periods. As a result of this, profits have been somewhat lower than in the similar period last year. However, during the last two months, dilution has been brought under much closer control and earnings have shown a marked improvement.

All ore-breaking in the mine is now complete with the exception of a 5,000 ton sill pillar below the 4th level. Drawpoint mining will be continuing at the 4th level horizon until copper-nickel values drop below economic levels. The remaining sill pillar will then be blasted for final mill feed. Present indications are that the operation will close in the early part of July.

Arrangements are being made to provide the mine crew with appropriate separation allowances and, where possible, to transfer personnel from Lorraine to other McIntyre operations when the mine closes.

THE MADELEINE MINE

At the Madeleine Mine, which I have already referred to, mine development and mill construction aimed at production in April, 1968, is proceeding ahead on schedule. Detail design of the concentrator and service facilities is almost complete and construction will be underway this month.

Initial mining will be through adits with stoping methods geared to take full advantage of high productivity load-dump-haul equipment. This should result in a low-cost operation. Mill tests have indicated good recoveries in a relatively high-grade concentrate.

McINTYRE COAL

The major pilot plant mining and testing program at the Smoky River coal properties in Alberta was terminated in December and the property is now on a stand-by basis.

In the first quarter, at the request of our Japanese agents, we have mined and are in the process of shipping a 200-ton sample of the coal to Japan for further metallurgical testing. Senior officers of the Company have spent a considerable amount of time in Japan since the first of the year and, as a matter of fact, the Executive Vice-President is still in Japan.

Negotiations for a sales contract have consumed much more time than was anticipated at the time of our last meeting. The talks have proceeded to the point where we now believe that a successful conclusion will be reached in the near future.

FALCONBRIDGE

Falconbridge experienced another satisfactory year in 1967, with earnings of \$25,792,000 or \$5.26 per share, down slightly from the record high

of \$27,725,000 or \$5.66 per share in 1966. There was an important change in the composition of 1967 earnings. Operating profit from nickel operations increased while dividend income from other operations declined, a reversal of the trend of recent years.

Market demand for nickel continues strong and is expected to remain so for the near future at least. The Company pressed forward with two new production programmes in the Sudbury area: Strathcona, the largest Falconbridge nickel development to date, and the nearby Longvack South Mine. Both these operations are expected to contribute significantly to revenues in 1968.

The Tasu iron-copper property in British Columbia commenced production in mid-year. Earnings for the half-year period were applied as a reduction of preproduction expense and are therefore not reflected in the 1967 consolidated earnings account.

Other Falconbridge highlights are the recently-announced iron ore concentrator for the Sudbury area, scheduled for production in late 1969, the opening of the Fahralloy foundry and fabricating plant at Orillia, Ontario, and the favourable results from the expanded pilot plant development on the Company's nickel laterite deposits in the Dominican Republic.

McIntyre considers its investment in Falconbridge to hold particular promise in the years ahead.

EXPLORATION

Discovery or acquisition of new mineral deposits is essential to the growth and future profits of any mining company.

For this reason your Company is continuing to emphasize and expand its exploration activities. Work is going forward vigorously throughout Canada, the South-western United States, Australia and New Zealand. Mineral prospecting will be undertaken in other countries as well, where a reasonable political climate exists.

Your Company's field programmes range from basic exploration of large areas to detailed investigation of specific mineral occurrences. In addition, your Company is participating with other companies or mining groups in a number of prospecting ventures. Several interesting projects are now under-way. One of these I might mention is a recently-discovered nickel area in New Zealand where, in partnership with Canadian Superior, a large acreage has been acquired and a major programme of work is now being conducted.

While it is well-recognized that the search for new ore becomes more sophisticated and expensive each year, we are confident that our continuing efforts will have a successful outcome.

ACKNOWLEDGEMENTS

In the Annual Report several changes in the management of the Company which took place during the year were mentioned. Note was made that Mr. J.C. Fraser and Mr. S. M. Wedd had left the Board after many years of valuable service as Directors. At this time, I wish to express again the Company's thanks to these gentlemen. I wish also to express particular thanks to Mr. J. D. Barrington who, in mid-year, resigned as President and Managing Director. He was subsequently elected as Chairman of the Board, a position from which he resigned concurrent with his resignation as a Director, in December, 1967.

Mr. Barrington's great contribution to McIntyre is well-known.

And now, what about the future?

Forecasting the future in these uncertain times is difficult, and probably all that can be said with certainty is that, for the near-term at least, Canada will continue to face unusual financial problems in a fluctuating business environment. We must contend with a world economy beset by balance-of-payment difficulties, and with severe and persistent inflationary encroachment on the buying power of the dollar. These difficulties are further aggravated by military engagements in varying parts of the world.

However, it is our belief that the demand for base and precious metals will continue to grow and, while at times the markets for these materials appear unsettled, more rational trading patterns must surely evolve from the positive approaches that are now being made towards solution of world problems.

Nearer home, we are encouraged that the Department of Manpower and Immigration has instituted a more flexible system for the admission of selected immigrants. This should materially alleviate the manpower shortage in most of the mining communities. We are encouraged to believe that, while Government is desirous of enacting tax reforms, these reforms may be more in the nature of improvements within the existing tax structure rather than the adoption of proposals of the Carter Royal Commission on Taxation which, if implemented, would have an extremely harmful effect on mining exploration and development.

McIntyre has, of course, benefited greatly by the improved prices for base metals and we are optimistic that the coal project can be "cranked-up" in the not too distant future. The exploration budget is being expanded to expedite the

search for new mines which must be found to replace those that are being depleted. The search is always exciting and, when successful, the rewards are substantial.

In brief, we are looking ahead to a steady growth in McIntyre in the years to come.

